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No. ____

IN THE
Supreme Court of the United States

OCTOBER TERM, 1982

SKIPPY, INC., *Petitioner*,

v.

CPC INTERNATIONAL, INC., *Respondent*.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

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QUESTIONS PRESENTED

1. Whether, as four courts of appeals have held, Rules 38 and 39 of the Federal Rules of Civil Procedure require that there be a written or oral stipulation of counsel on the record before waiver of the right to jury trial can be found or, instead, as six courts of appeals have held, a waiver can be found without any such stipulation, through silence or failure to object to trial by the court even after a jury trial on all issues has been properly demanded.

2. Whether a litigant loses his right to challenge the wrongful denial of jury trial of a legal claim if the trial court rules in his favor on that claim even though the litigant thereby loses the right to have the jury make all related factual findings, which would then be final and binding with respect to all claims in the lawsuit.

3. Whether, in a suit alleging trademark infringement and unfair competition, the right to jury trial on a legal claim for damages requires that the defendant's assertion of plaintiff's laches, and the plaintiff's responding allegations of defendant's fraud and bad faith, also be tried to a jury.

TABLE OF CONTENTS

	Page
QUESTIONS PRESENTED	i
OPINIONS BELOW	1
JURISDICTION	1
CONSTITUTIONAL PROVISION, STATUTE AND RULES INVOLVED	2
STATEMENT	3
A. Petitioner's Complaint	3
B. Summary Judgment Rulings	7
C. Trial On The Merits	10
D. The Decision Of The Court Of Appeals	11
REASONS FOR GRANTING THE WRIT	13
A. THE DECISION BELOW CONFLICTS WITH THE DECISIONS OF OTHER COURTS OF APPEALS REGARDING THE REQUIREMENTS FOR WAIVING THE RIGHT TO A JURY TRIAL	14
B. THE DECISION BELOW RAISES SIGNIFICANT AND RECURRING QUESTIONS CONCERNING THE SCOPE OF THE RIGHT TO A JURY TRIAL WHEN LEGAL AND EQUITABLE CLAIMS ARE COMBINED	17
CONCLUSION	24
APPENDIX A	1a
APPENDIX B	13a
APPENDIX C	26a
APPENDIX D	27a
APPENDIX E	29a
APPENDIX F	30a
APPENDIX G	32a

TABLE OF AUTHORITIES

CASES: Page

Aetna Insurance Co. v. *Kennedy*, 301 U.S. 389 (1937) 13, 15

Amburgey v. *Cassady*, 507 F.2d 728 (6th Cir. 1974) .. 16

Baker v. *Simmons Co.*, 307 F.2d 458 (1st Cir. 1962) .. 22

Baker v. *Simmons Co.*, 325 F.2d 580 (1st Cir. 1963) .. 22

Beacon Theatres, Inc. v. *Westover*, 359 U.S. 500 (1959) 13, 18, 21

Dairy Queen, Inc. v. *Wood*, 369 U.S. 469 (1962) 13, 18, 19, 20, 23

DeGioia v. *United States Lines Co.*, 304 F.2d 421 (2d Cir. 1962) 15

Fields Engineering & Equipment, Inc. v. *Cargill, Inc.*, 651 F.2d 589 (8th Cir. 1981) 15

Finance Co. of America v. *Bankamerica Corp.*, 502 F. Supp. 593 (D.Md. 1980) 23

Fitzgerald v. *United States Lines Co.*, 374 U.S. 19 (1963) 18

Hanover Star Milling Co. v. *Metcalf*, 240 U.S. 403 (1916) 22

Harlequin Enterprises Ltd. v. *Gulf & Western Corp.*, 644 F.2d 946 (2d Cir. 1981) 22

Heyman v. *Kline*, 456 F.2d 123 (2d Cir.), *cert. denied*, 409 U.S. 847 (1972) 15, 20

Houston Sports Ass'n, Inc. v. *Astro-Card Co.*, 520 F. Supp. 1178 (S.D. Tex. 1981) 23

James Burrough Ltd. v. *Sign of the Beefeater, Inc.*, 572 F.2d 574 (7th Cir. 1978) 6, 22, 23

Johnson v. *Penrod Drilling Co.*, 469 F.2d 897 (5th Cir. 1972), *aff'd on this issue on rehearing*, 510 F.2d 234 (5th Cir. 1975) (en banc), *cert. denied*, 423 U.S. 839 (1975) 15, 16

McLean v. *Fleming*, 96 U.S. 245 (1877) 23

Menendez v. *Holt*, 128 U.S. 514 (1888) 22, 23

Millner v. *Norfolk & Western Railway Co.*, 643 F.2d 1005 (4th Cir. 1981) 17

Table of Authorities Continued

Page

National Family Insurance Co. v. *Exchange National Bank of Chicago*, 474 F.2d 237 (7th Cir.), *cert. denied*, 414 U.S. 825 (1973) 16

National Union Electric Corp. v. *Wilson*, 434 F.2d 986 (6th Cir. 1970) 21

Niebuhr v. *State Farm Mutual Automobile Ins. Co.*, 486 F.2d 618 (10th Cir. 1973) 16

Palmer v. *United States*, 652 F.2d 893 (9th Cir. 1981) 15, 16

Plechner v. *Widener College, Inc.*, 569 F.2d 1250 (3d Cir. 1977) 16

Robine v. *Ryan*, 310 F.2d 797 (2d Cir. 1962) 18

Rodenbur v. *Kaufmann*, 320 F.2d 679 (D.C. Cir. 1963) 16

Rosen v. *Dick*, 639 F.2d 82 (2d Cir. 1980) 15

Ross v. *Bernhard*, 396 U.S. 531 (1970) 18, 19

Saxlehner v. *Eisner & Mendelson Co.*, 179 U.S. 19 (1900) 23

Simler v. *Conner*, 372 U.S. 221 (1963) 19

Skippy, Inc. v. *CPC International, Inc.*, 674 F.2d 209 (4th Cir. 1982) 17

Southland Reship, Inc. v. *Flegel*, 534 F.2d 639 (5th Cir. 1976) 17

Tights, Inc. v. *Stanley*, 441 F.2d 336 (4th Cir.), *cert. denied*, 404 U.S. 852 (1971) 19

STATUTES AND RULES:

Federal Rule of Civil Procedure 38 ..... 2, 13, 14, 15, 16

Federal Rule of Civil Procedure 39 ..... 3, 13, 14, 16

Trademark Act of 1946, 15 U.S.C. §§ 1051-1127 . 3, 22, 24

OTHER AUTHORITIES:

Wright & Miller, Federal Practice & Procedure (1971) 13

Annotation, *Laches as Affecting Claim for Accounting and Damages In Federal Action for Infringement of Trademark or Tradename*, 14 A.L.R. Fed. 342 .. 23

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

OPINIONS BELOW

The opinion of the court of appeals (Pet. App. A, *infra*) is reported at 674 F.2d 209. The Memorandum Opinion and Order of the district court is unpublished and is reprinted in Pet. App. B, *infra*.

JURISDICTION

The judgment of the court of appeals was entered on March 5, 1982 (Pet. App. C, *infra*). On May 3, 1982, the court of appeals denied a timely petition for rehearing (Pet. App. D, *infra*). On July 22, 1982, Justice Brennan, acting as Circuit Justice, granted a timely application for extension of time until September 1, 1982, to file a petition for writ of certiorari (Pet. App. E, *infra*). The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

CONSTITUTIONAL PROVISION, STATUTE AND RULES INVOLVED:

Amendment VII, United States Constitution:

> In suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise reexamined in any Court of the United States, than according to the rules of the common law.

Rule 38, Federal Rules of Civil Procedure:

> (a) Right Preserved. The right of trial by jury as declared by the Seventh Amendment to the Constitution or as given by a statute of the United States shall be preserved to the parties inviolate.
>
> (b) Demand. Any party may demand a trial by jury of any issue triable of right by a jury by serving upon the other parties a demand therefor in writing at any time after the commencement of the action and not later than 10 days after the service of the last pleading directed to such issue. Such demand may be indorsed upon a pleading of the party.
>
> (c) Same: Specification of Issues. In his demand a party may specify the issues which he wishes so tried; otherwise he shall be deemed to have demanded trial by jury for all the issues so triable. If he has demanded trial by jury for only some of the issues, any other party within 10 days after service of the demand or such lesser time as the court may order, may serve a demand for trial by jury of any other or all of the issues of fact in the action.
>
> (d) Waiver. The failure of a party to serve a demand as required by this rule and to file it as required by Rule 5(d) constitutes a waiver by him of trial by jury. A demand for trial by jury made as herein provided may not be withdrawn without the consent of the parties.

Rule 39(a), Federal Rules of Civil Procedure:

> When trial by jury has been demanded as provided in Rule 38, the action shall be designated upon the docket as a jury action. The trial of all issues so demanded shall be by jury, unless (1) the parties or their attorneys of record, by written stipulation filed with the court or by an oral stipulation made in open court and entered in the record, consent to trial by the court sitting without a jury or (2) the court upon motion or of its own initiative finds that a right of trial by jury of some or all of those issues does not exist under the Constitution or statutes of the United States.

15 U.S.C. § 1117:

> When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction.

STATEMENT

A.
PETITIONER'S COMPLAINT

In 1980, petitioner Skippy, Inc. filed suit against respondent CPC International, Inc. ("CPC") in federal district court in Virginia, asserting claims of trademark infringement and unfair competition under both federal and state law. The complaint alleged that by its use of the name "Skippy" to market peanut butter, CPC was infringing on petitioner's exclusive rights to use that trademark. Petitioner sought damages, a permanent injunction and other equitable relief, and accompanied its complaint with a general jury demand.

Petitioner inherited its rights over the trademark in 1932 from Percy L. Crosby, a noted cartoonist of the time who created in 1923 a popular and successful cartoon character named "Skippy." Within a few years after its creation, the Skippy cartoon strip was syndicated nationally and continued to be syndicated for almost twenty years (JA 8).[1] After obtaining federal trademark registration for Skippy in 1925, Crosby formed Skippy, Inc. and assigned to it all of his trademarks, copyrights and contracts for "Skippy" (JA 8; Exh. 52-68).

Respondent CPC derived its use of the Skippy name from Joseph L. Rosefield and Rosefield Packing Company, which manufactured or licensed the manufacture of peanut butter starting in approximately 1918 (JA 10). Rosefield began using the name "Skippy" for its peanut butter in 1933 (JA 10, 30). The early labels for the product showed the name printed on a white picket fence with a paint bucket and brush standing nearby (JA 185, 191-192, 384; Exh. 178-180). Both of these symbols appeared regularly in and were associated with the Skippy cartoon (see JA 37-38; Exh. 109-123).

Joseph Rosefield attempted to register Skippy as a federal trademark for his peanut butter in 1933, but petitioner successfully opposed the registration (JA 11). Rosefield nevertheless continued to use the Skippy trademark and in 1947 again filed for federal trademark registration, this time successfully (JA 12). Despite his knowledge of the 1933 opposition, Joseph Rosefield declared under oath in the application that "no other person, firm, corporation or association, to the best of his knowledge and belief, has the right to use such trademark in commerce . . . either in the identical form thereof or in such near resemblance thereto as might be calculated to deceive" (JA 12; Exh. 569).

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[1] "JA" refers to the Joint Appendix filed by the parties on appeal. "Exh." refers to the joint exhibit volumes filed on appeal.

In 1954, as part of an agreement to sell Rosefield Packing to Best Foods, Inc., CPC's predecessor, Joseph Rosefield filed with the Commissioner of Patents an application for incontestable rights in the Skippy mark, consisting of an affidavit declaring that "there has been no final decision adverse to [Rosefield's] claim of ownership of such marks for such goods, or its right to register the same" (Exh. 450, 452-453, 332). Rosefield's rights to the "Skippy" mark were transferred to Best Foods, Inc. and, in 1959, to Corn Products Company, which changed its name in 1969 to CPC International, Inc. (JA 13).

Petitioner's complaint alleged that respondent committed fraud on the trademark and patent offices through false filings, infringed petitioner's federal and common law trademark rights, and violated federal and common law prohibitions against unfair competition. Petitioner sought "damages suffered by plaintiff, the exact amount to be proved at trial," a permanent injunction against CPC's use of the Skippy name, and an order requiring the Commissioner of Patents and Trademarks to cancel CPC's registration of the Skippy trademark (JA 19-20).

In addition to the facts set forth above, petitioner described the events occurring between 1976 and 1978 that resulted in the signing of a document entitled "Option Agreement"—a document that purported to be "a settlement and accord and satisfaction" of controversies between the parties over use of the Skippy name.[2] Petition-

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[2] In the agreement, Skippy, Inc. granted to CPC "a non-transferrable option to obtain an exclusive license to use [the comics, cartoons and artwork portraying 'Skippy' and owned by petitioner] in the promotion and advertisement of food products marketed by CPC or its subsidiaries" in exchange for payment of $25,000 by CPC (JA 39), and "release[d] and agree[d] to hold CPC harmless from any and all differences and controversies which may have existed in the past or may now exist between Skippy and CPC as relates to the use of the [comics, cartoons and artwork] or use of the name 'Skippy' " (JA 40).

er claimed that it had been induced to enter into the Option Agreement by CPC's representation that it intended to conduct marketing programs utilizing the Skippy cartoon character; these marketing programs would have produced further income for petitioner, but CPC conducted no such programs (JA 14-15). Petitioner produced evidence demonstrating that, unbeknownst to petitioner at the time, CPC had already rejected the use of the Skippy character when the Agreement was signed (JA 96-97, 295-300).

Moreover, petitioner alleged that the law firm of Lord, Day & Lord, which represented Percy Crosby and Skippy, Inc. until 1952 but which now represents CPC, had at CPC's request withheld the law firm's "Skippy, Inc." files from petitioner until CPC consented to release of the files after petitioner signed the Option Agreement, and that petitioner would not have entered into the Agreement if it had had access to those files (JA 13-15). These allegations raised the issue of fraudulent procurement of the Option Agreement and release,[3] supported the claim for damages for trademark infringement,[4] and defended

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[3] In denying CPC's motion for summary judgment on petitioner's equitable claim, the district court expressly ruled that the pleadings raised disputed issues of fact regarding fraudulent procurement. See Pet. App. F, *infra*, at 30a.

[4] As petitioner argued at greater length in opposition to CPC's first motion for summary judgment, CPC's fraud in procuring the release might change the period for which damages for trademark infringement would be available. In particular, if a plaintiff in a trademark infringement suit proves infringement but is guilty of laches, he will not be awarded damages for past infringement for the time during which he failed to assert his rights. He may, however, receive damages for the time after he asserted his rights by commencing the lawsuit. *See, e.g., James Burrough Ltd.* v. *Sign of the Beefeater, Inc.*, 572 F.2d 574 (7th Cir. 1978). Petitioner argued that CPC's fraud in procuring the release might lead the court or jury to award damages as well for the time during which petitioner was thus fraudulent-

against CPC's anticipated reliance on the Option Agreement and release as a defense.

In its answer, respondent generally denied infringement and raised several affirmative defenses, including release under the 1978 "Option Agreement," and laches, estoppel and abandonment as a result of alleged nonenforcement of Skippy's trademark rights. (JA 23-29). Respondent also counterclaimed against petitioner, alleging interference with its own rights to use the Skippy trademark and breach of the contract of release. Respondent requested a declaratory judgment regarding the respective rights of the parties to the Skippy mark, and $25,000 in damages plus interest for breach of the Option Agreement (JA 29-37). Petitioner's answer denied the validity of the release on grounds of fraud.

B.
SUMMARY JUDGMENT RULINGS

CPC moved for summary judgment on petitioner's complaint on the ground that petitioner's conduct amounted to laches and estoppel barring both equitable relief and an award of damages.[5] Petitioner opposed summary judgment on the ground that there were unresolved issues of fact precluding summary relief. Petitioner had raised factual questions regarding whether CPC's predecessor, Joseph Rosefield, had adopted use of the Skippy mark in bad faith, whether CPC had fraudulently induced execution of the "Option Agreement" and re-

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ly induced to refrain from asserting its rights. *See* Plaintiff's Opposition to Defendant's Motion for Summary Judgment, at 25-26; Supplemental Appendix on appeal, at 12-34. Petitioner also argued that CPC's fraud on the patent office and willfulness in infringing petitioner's trademark might lead the factfinder to award damages despite petitioner's alleged laches. *Id.*

[5] Statement of Points and Authorities in Support of Defendant's Motion for Summary Judgment on Grounds of Laches and Estoppel.

lease, and whether the alleged delay by petititioner in asserting its rights was sufficient to bar relief or was instead excused in part by CPC's actions or other events.' Petitioner specifically suggested that although laches alone may bar an award of past damages, "a court or jury may award damages" if there is also evidence of bad faith adoption and use of the trademark, and might award damages for fraud and deceit for the period between signing of the Option Agreement and filing of the lawsuit.[6]

After a hearing on CPC's motion before Judge Albert V. Bryan, Jr., the court denied summary judgment on petitioner's claims to injunctive relief because factual matters remained to be determined, but granted summary relief on the claim for damages.[7]

The court also ruled that there would be no jury trial on any portion of the case, and refused to entertain any reargument of its rulings:[8]

The Court: So partial summary judgment will be awarded the defendant, granting the defendant's motion to dismiss the damage claim.

Mr. Gettings (Counsel for CPC): Your Honor, that, I assume, means we have a non-jury trial, is that correct?

The Court: Well, there isn't anything left in the cases but injunctive relief requested and that is not appropriate for a jury.

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[6] Plaintiff's Opposition to Defendant's Motion for Summary Judgment, at p. 25-26; see note 4 *supra*.

[7] The transcript of the court's oral ruling is reprinted at Pet. App. F, *infra*, 30a-31a.

[8] Transcript of Proceedings, June 24, 1980, at 35-36, reprinted in Supplemental Appendix on Appeal, at 35-36.

Mr. Gettings: Thank you.
Mr. Trattner (Counsel for Skippy, Inc.):
Your Honor, may I be heard for a second?
The Court: Not on anything I have already ruled on.
Mr. Trattner: Just a clarification of law, Your Honor.
The Court: All right.
Mr. Trattner: The cases that have been cited by both the plaintiff and defendant on the issue of damages state that the—
The Court: I'm not going to go back into that. I have ruled on that.
Mr. Trattner: I appreciate that, Your Honor. I would like to get a clarification of your order.
The Court: The order is that the damage claim is dismissed.
Mr. Trattner: May I ask one question on that?
The Court: If that needs clarification.
Mr. Trattner: I would like to know whether the damage claim is dismissed as to all damages prior to the filing of the complaint or not.
The Court: All damages. All damages.
Mr. Trattner: Thank you, Your Honor.
The Court: I'll draft the order, gentlemen.
Mr. Trattner: Thank you, Your Honor.

The order recited that "partial summary judgment is awarded the defendant on plaintiff's complaint and the claim for damages in the complaint is stricken" (JA 42). No ruling had been requested, and none was made, on CPC's counterclaim for money damages.

Despite the court's statement that it would not "go back into" questions related to petitioner's damage claims, petitioner filed a motion to reconsider the ruling striking "all damages." In it, petitioner argued that the parties in their pleadings had not addressed the availability of damages for unfair competition, as distinguished

from trademark infringement, that a jury trial was required on such claims for damages, and that the equitable defenses of laches and estoppel should not be considered applicable to legal claims.[9] The motion was denied.

CPC subsequently moved for summary judgment on petitioner's remaining equitable claims on the grounds of release, abandonment, and incontestability of respondent's own trademark rights based on Joseph Rosefield's 1954 filing with the trademark office.[10] Petitioner opposed the motion on the basis that genuine issues of material fact remained regarding whether there was fraud by respondent in obtaining the release, whether the validity of the release depended upon respondent's use of the Skippy literary property, and whether the facts demonstrated abandonment.[11] On July 18, 1980, Judge Bryan denied the motion for summary judgment because there were issues of fact remaining to be decided by the fact finder, including whether petitioner "was induced to sign the option release agreement because of a material misrepresentation," "whether withholding of the files or the information in the files by Lord, Day and Lord was a factor in inducing [petitioner] to sign the agreement," and "as to the intent to abandon and as to what use was made of the trademark, trade name during the period '45 to '68."[12]

C.

TRIAL ON THE MERITS

After a non-jury trial on the merits before Judge Oren R. Lewis, the court issued its Memorandum Opinion and

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[9] Plaintiff's Motion to Reconsider Order, at 2-3.

[10] See p. 5, *supra*.

[11] Plaintiff's Opposition to Defendant's Motion for Summary Judgment.

[12] The transcript of Judge Bryan's oral ruling is reprinted at Pet. App. G, *infra*, at 32a.

Order.[13] The court found, as matters of fact, that there was an insufficient showing of confusion between the trademarks; that petitioner had failed to take legal action to protect the Skippy name for an extended period of time, although this did not amount to abandonment of the trademark; that petitioner had released CPC from claims for past damages; and that there was no fraud by CPC in inducing petitioner to sign the release. As a result of these findings, the court denied petitioner's claim for injunctive relief.

The court further found that CPC's counterclaims for injunctive relief and for breach of contract should be denied for lack of proof. The court recognized the existence of a contract of release between the parties, but ruled that petitioner had not breached it.

D.

THE DECISION OF THE COURT OF APPEALS

On appeal, petitioner challenged the trial court's adverse factual and legal rulings on the merits, the dismissal of its claim for damages, and the denial to petitioner of its right to a jury trial. On the question whether summary judgment was properly granted, the court of appeals held that laches will bar a claim for damages for trademark infringement despite the infringer's bad faith, and that "Judge Bryan did not abuse his discretion in applying laches to bar Skippy, Inc.'s claims for damages for trademark infringement and unfair competition."[14] With respect to Judge Lewis' rejection of petitioner's claim for injunctive relief, the court of appeals affirmed on the basis of Judge Lewis' factual findings that CPC had

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[13] Pet. App. B, *infra*. The court had denied CPC's motions for directed verdict at the close of the evidence.

[14] Pet. App. A at 4a.

not committed fraud and that the release was valid—findings that precluded equitable relief.[15]

A majority of the court of appeals, with Judge Widener dissenting, further ruled that there was no error in denying petitioner a trial by jury. First, in the court's view the complaint did not adequately state an independent claim for damages based solely on fraudulent inducement of the release such as would entitle petitioner to a jury trial on that issue; by not specifically alerting the district court to the existence of such a claim, petitioner waived its right to object later.[16] Second, the trial court "apparently construed the fraudulent procurement allegations in the complaint to state grounds for rescission of the release,"[17] an equitable claim for which there is no right to jury. Had the trial court instead viewed the allegations as responding to CPC's reliance on the release as a defense to the petitioner's damage claim, the allegations of fraud would then have related to a legal claim and would have been subject to trial by jury. Petitioner's failure to correct the district court's erroneous interpretation, the court of appeals held, served as a waiver of the right to a jury trial that petitioner otherwise would have had on the question of validity of the release.[18] Finally, the court of appeals majority ruled that petitioner could not complain that it had been denied a jury trial on CPC's legal counterclaim because the trial court had ruled in petitioner's favor on that claim.[19]

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[15] Pet. App. A, at 4a-6a.

[16] Pet. App. A at 7a-9a.

[17] Pet. App. A at 9a.

[18] Pet. App. A at 9a-10a.

[19] Pet. App. A at 10a. Petitioner also appealed the trial court's judgment that CPC had acquired incontestable rights in the Skippy trademark by its 1954 filing with the Commissioner of Trademarks. The court of appeals reversed on this ground, finding that Joseph Rosefield's affidavit in the filing was false. Pet. App. A at 11a.

Judge Widener, in dissent, stated that he agreed with the majority on waiver but believed that this Court's decision in *Dairy Queen* v. *Wood*, 369 U.S. 469 (1962), mandated trial by jury on some of the issues that had been tried to the court. Judge Widener also dissented from the denial of the petition for rehearing (Pet. App. D).

REASONS FOR GRANTING THE WRIT

The first issue presented by this case is one on which the courts of appeals are deeply divided. Five courts of appeals agree with the court below that despite a civil litigant's timely demand for a jury trial, this important Seventh Amendment right is waived by the litigant's later silence. Four other courts of appeals, interpreting Rules 38 and 39, Fed. R. Civ. Pro., disagree and hold that silence cannot operate as a waiver, particularly in view of this Court's command that the lower federal courts must "indulge every reasonable presumption against waiver" of the right to a jury trial.[20]

This conflict among the courts of appeals on a recurring issue of undeniable significance is, we believe, reason enough for the petition to be granted. But there is more. The decision below also errs in analyzing the relationship between the legal and equitable claims asserted by the parties, and thereby further threatens to erode the jury trial protections established by this Court in *Beacon Theatres, Inc.* v. *Westover*, 359 U.S. 500 (1959), and *Dairy Queen, Inc.* v. *Wood*, 369 U.S. 469 (1962). Indeed, the errors committed by the Fourth Circuit are but one example of the confusion among the courts of appeals regarding the meaning of these two decisions when applied to cases involving complex combinations of legal and equitable claims.[21] Review by this Court is necessary in

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[20] *Aetna Insurance Co.* v. *Kennedy*, 301 U.S. 389, 393 (1937).

[21] *See generally* Wright & Miller, Federal Practice and Procedure, § 2311.

order to settle the controversy surrounding this difficult area and to ensure that litigants are not denied their fundamental right to trial by jury.

A.

THE DECISION BELOW CONFLICTS WITH THE DECISIONS OF OTHER COURTS OF APPEALS REGARDING THE REQUIREMENTS FOR WAIVING THE RIGHT TO A JURY TRIAL

Rule 38 of the Federal Rules of Civil Procedure specifies that a party seeking a jury trial must serve "upon the other parties a demand therefor in writing at any time after the commencement of the action and not later than 10 days after the service of the last pleading directed to such issue."[22] If a party timely makes a general demand for a jury, "he shall be deemed to have demanded trial by jury for all the issues so triable."[23]

Failure to make demand for jury trial pursuant to Rule 38 constitutes a waiver of the right to jury trial.[24] But once a timely demand is made, Rule 39(a) provides that "trial of all issues so demanded shall be by jury, unless (1) the parties or their attorneys of record, by written stipulation made in open court and entered in the record, consent to trial by the court sitting without a jury or (2) the court upon motion or of its own initiative finds that a right of trial by jury of some or all of those issues does not exist under the Constitution or statutes of the United States."

These Rules provide explicit instructions regarding the manner of making a jury demand and the manner of withdrawing or waiving it. By making waiver dependent on express agreement of the parties, the Rules follow this Court's observation that "as the right of jury trial is

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[22] Fed. R. Civ. Pro. 38(b).

[23] Fed. R. Civ. Pro. 38(c).

[24] Fed. R. Civ. Pro. 38(d).

fundamental, courts indulge every reasonable presumption against waiver."[25] Several courts of appeals have held that these Rules mean exactly what they say and that mere acquiescence to a bench trial therefore cannot constitute waiver.[26] The Second Circuit, for example, has held that "short of a party's consent, there could be no effective waiver except by [failure timely to file a demand under] Rule 38."[27] In *DeGioia* v. *United States Lines Company*,[28] that court of appeals rejected any finding of waiver although after the initial demand was made the question of jury trial was never again explicitly raised. Indeed, in *DeGioia* the jury demand was discovered only after the verdict had been rendered.[29]

Under the standards enunciated by these appellate courts, petitioner Skippy, Inc. would have been entitled to a reversal of the judgment because of the denial of a jury trial. Petitioner made a timely jury demand, there were issues of fact that should have gone to a jury,[30] and

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[25] *Aetna Insurance Co.* v. *Kennedy*, 301 U.S. at 393 & n.2.

[26] *See Palmer* v. *United States*, 652 F.2d 893 (9th Cir. 1981); *Rosen* v. *Dick*, 639 F.2d 82 (2d Cir. 1980); *Fields Engineering & Equipment, Inc.* v. *Cargill, Inc.*, 651 F.2d 589 (8th Cir. 1981); *Johnson* v. *Penrod Drilling Co.*, 469 F.2d 897 (5th Cir. 1972), *aff'd on this issue on rehearing*, 510 F.2d 234 (5th Cir. 1975) (en banc), *cert. denied*, 423 U.S. 839 (1975).

[27] *Heyman* v. *Kline*, 456 F.2d 123, 128 n.5 (2d Cir.), *cert. denied*, 409 U.S. 847 (1972).

[28] 304 F.2d 421 (2d Cir. 1962).

[29] *Id.* at 424. In *DeGioia* the court had decided to use an advisory jury, so when the jury demand was discovered, the jury's verdict, rendered in an advisory capacity, was made binding and no retrial was required. However, the fact that a jury had been impanelled for other purposes played no role in the court's decision rejecting a finding of waiver. The Second Circuit has reaffirmed the *DeGioia* holding several times. *See Rosen* v. *Dick*, *supra*; *Heyman* v. *Kline*, *supra*.

[30] See pages 19-24 *infra*.

there was no oral or written stipulation by the parties withdrawing the case from the jury. But the Fourth Circuit decided that petitioner, through silence, had waived the protections of the Seventh Amendment.[31] In so holding, the court below placed itself squarely in conflict with the Second, Fifth, Eighth, and Ninth Circuits[32]—but in agreement with the Third, Sixth, Seventh, Tenth and District of Columbia Circuits.[33] These latter courts have expressly held that, after making timely demand for jury trial, a party may waive his right to a jury trial through inaction. Recently, in *Palmer* v. *United States*, the Ninth Circuit noted the conflict between these two views and then adopted the position that waiver can occur only under the express terms of Rules 38(d) and 39(a).[34]

The decisions of the courts of appeals on the question of waiver reveal two inconsistent interpretations of the requirements of the Federal Rules and the Seventh Amendment. Conduct which in some Circuits will adequately preserve a party's right to jury trial will in other Circuits constitute a waiver of that right.[35] The confusion

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[31] See page 12 *supra*.

[32] See note 26 *supra*.

[33] *Plechner* v. *Widener College, Inc.*, 569 F.2d 1250 (3rd Cir. 1977); *Amburgey* v. *Cassady*, 507 F.2d 728 (6th Cir. 1974); *National Family Insurance Co.* v. *Exchange National Bank of Chicago*, 474 F.2d 237 (7th Cir.), *cert. denied*, 414 U.S. 825 (1973); *Niebuhr* v. *State Farm Mutual Automobile Insurance Co.*, 486 F.2d 618 (10th Cir. 1973); *Rodenbur* v. *Kaufmann*, 320 F.2d 679 (D.C. Cir. 1963).

[34] 652 F.2d at 896.

[35] Indeed, the confusion and uncertainty regarding the proper standard is so widespread that courts of appeals in at least two Circuits have recorded decisions on both sides of the issue. *Compare Johnson* v. *Penrod Drilling Co.*, 469 F.2d 897, 902-904 (5th Cir. 1972) (waiver can occur only by compliance with Rule 39), *aff'd on this issue on rehearing*, 510 F.2d 234, 235 (5th Cir. 1975) (en banc), *cert. denied*,

generated by these conflicting decisions should not be permitted to continue. Only this Court can settle the controversy and establish with certainty the requirements for preserving or waiving the fundamental constitutional right to trial by jury.

B.

THE DECISION BELOW RAISES SIGNIFICANT AND RECURRING QUESTIONS CONCERNING THE SCOPE OF THE RIGHT TO A JURY TRIAL WHEN LEGAL AND EQUITABLE CLAIMS ARE COMBINED

Although trial by jury in suits at common law is guaranteed by the Seventh Amendment,[20] equitable claims have traditionally been tried to the court. When enactment of the Federal Rules of Civil Procedure merged law and equity, questions arose regarding the effect of this merger on the right to jury trial. In a series of decisions, this Court established that the right to trial by jury is to remain absolute under the present system. If law and equity are combined in a single case and a demand for a jury trial is made, legal claims must be tried first to the jury and the jury's findings on issues related to both legal and equitable claims are binding on the court when it

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423 U.S. 839 (1975) *with Southland Reship, Inc.* v. *Flegel*, 534 F.2d 639, 643-645 (5th Cir. 1976) (waiver is shown by mere acquiescence); *compare Skippy, Inc.* v. *CPC International, Inc.*, Pet. App. A at 7a-10a (4th Cir. 1982) (right to jury trial lost by failure to object) *with Millner* v. *Norfolk & Western Railway Co.*, 643 F.2d 1005, 1010-1011 (4th Cir. 1981) (waiver must be by oral or written stipulation and not by failure to object).

[20] United States Constitution, Amendment VII:

> In suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury shall be otherwise reexamined in any Court of the United States, than according to the rules of the common law.

determines the availability of equitable relief.[37] This is true regardless whether the legal claims are characterized as "incidental" to the equitable ones. "As long as any legal cause is involved the jury rights it creates controls."[38]

In determining whether a particular matter is legal or equitable, it is the "nature of the issue to be tried rather than the character of the overall action" that controls.[39] The "nature of the issue," in turn, depends upon "first, the pre-merger custom with reference to such questions; second, the remedy sought; and third the practical abilities and limitations of juries."[40] Even when pre-merger custom suggests trying particular issues to the court, if those issues are also tied to legal claims in the same lawsuit, the right to jury trial of the legal claims must prevail.[41] "It is equally clear from [*Dairy Queen, Inc.* v. *Wood, supra*] that ambiguities and inelegancies in a pleading will not defeat a demand for a jury trial so long as it reasonably appears that the substance of what is pleaded constitutes a claim for relief at law."[42]

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[37] *Beacon Theatres, Inc.* v. *Westover*, 359 U.S. 500 (1959). *Beacon Theatres* recognized a possible exception when the court determines that the party with equitable claims cannot have adequate relief if the legal claims are tried first, but went on to say that "only under the most imperative circumstances which in view of the flexible procedures of the Federal Rules we cannot now anticipate, can the right to a jury trial be lost through prior determination of equitable claims." *Id.* at 510-511. Indeed, we have found no cases in which such extraordinary circumstances were found to exist in the 23 years since *Beacon Theatres*.

[38] *Dairy Queen, Inc.* v. *Wood*, 369 U.S. at 473 & n. 8 (1962); *Fitzgerald* v. *United States Lines Co.*, 374 U.S. 19 (1963).

[39] *Ross* v. *Bernhard*, 396 U.S. 531, 538 (1970).

[40] *Id.* at 538 n. 10.

[41] *Beacon Theatres, Inc.* v. *Westover, supra*.

[42] *Robine* v. *Ryan*, 310 F.2d 797, 798 (2d Cir. 1962).

It is against the background of the "historic and continuing strength"[43] of the federal policy favoring jury trials and the importance of maintaining that policy despite complex intertwining of legal and equitable claims that the decision in this case must be evaluated. As we next discuss, petitioner was entitled to trial by jury on several claims and their related factual issues. By refusing to order a jury trial, the courts below have made a serious incursion into critical Seventh Amendment rights, threatening all cases in which law and equity are combined.

Because petitioner made a general jury demand, it should have been granted a jury trial on every issue related to any legal claim asserted by either petitioner or respondent,[44] unless the court could properly take the issue or the claim from the jury because there were no facts in dispute.[45] Petitioner asserted a legal claim for damages for trademark infringement, unfair competition and fraud on the patent office, and respondent asserted a legal counterclaim for damages based on petitioner's alleged breach of the contract of release between them. These claims should have been tried to a jury unless the court could properly hold as a matter of law that no relief could be granted.

The trial judge erred when he, rather than a jury, decided CPC's counterclaim for damages despite its legal nature. Without finding this procedure proper, the court of appeals affirmed nonetheless because, it said, petitioner had no basis for appealing the error since the trial court in any event awarded no damages against petitioner.[46]

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[43] *Simler* v. *Conner*, 372 U.S. 221, 222 (1963).

[44] See *Ross* v. *Bernhard*, 396 U.S. at 538; *Dairy Queen, Inc.* v. *Wood*, 369 U.S. at 479.

[45] *Tights, Inc.* v. *Stanley*, 441 F.2d 336, 340 (4th Cir.), *cert. denied*, 404 U.S. 852 (1971).

[46] Pet. App. A, at 10a.

The court of appeals held, in effect, that the error was harmless. In so ruling, the court ignored the fact that the right to have a jury try a claim carries with it the right to have the jury determine each fact underlying the claim, and to have the jury's determination be conclusive for all parts of the case.[47]

Petitioner's right to a jury trial of the breach-of-contract counterclaim necessarily included the right to have the jury determine whether the contract of release was valid or, as petitioner claimed, induced by fraudulent misrepresentation. The jury's finding on this factual question would then have been binding on the trial judge when he considered petitioner's claims for equitable relief. Rather than following this course, the trial judge took it upon himself to hear and decide these issues. Although the judge denied monetary relief to CPC on its counterclaim, he did so by finding that the contract of release was not induced by fraud and hence was valid, but that it was not breached.[48] It was precisely on the basis of this factual finding—that a valid release had been executed—that the trial judge denied injunctive relief to petitioner and that the court of appeals affirmed.[49] Petitioner had a right to have this decisive factual finding made by a jury.

The court of appeals seriously erred when it refused to order a new trial before a jury on the legal counterclaim and all other claims with overlapping issues.[50] The deci-

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[47] *Dairy Queen, Inc.* v. *Wood*, 369 U.S. at 479.

[48] Memorandum Opinion and Order of November 24, 1980, Pet. App. B at 21a, 24a-25a.

[49] Pet. App. A at 4a-6a.

[50] See Pet. App. A at 12a (Widener, J., dissenting). If petitioner is entitled to a new trial on legal issues that should have been tried to a jury, petitioner is also entitled to retrial of any equitable claims that depend upon the same factual findings. Thus in *Heyman* v. *Kline*, *supra*, the appellee offered to waive application of collateral estoppel

sion establishes a rule that denial of a party's right to trial by jury on a legal claim is acceptable so long as the court finds for that party on that claim, regardless of what impact the denial may have on the remaining equitable issues. Such a rule is incorrect. It is contrary to this Court's express pronouncements and, in effect, condones a denial of the constitutional right to jury trial.[51]

Petitioner was also improperly denied a jury trial on its own legal claim for damages. The trial court held that petitioner was not entitled to damages when it granted CPC's motion for summary judgment, and it did so by making a factual finding that petitioner was guilty of laches.[52] The trial court and the court of appeals rejected petitioner's claim that its allegations regarding CPC's fraud were factual issues related both to its own damage claim and to evaluation of CPC's assertion of laches as a defense to the damage claim, and were thus subject to trial by jury.[53] These rulings present for review two critical questions concerning the right to jury trial, questions that recur frequently in federal and common law trademark infringement and unfair competition cases.

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of the trial court's findings on the equitable claims upon retrial to a jury of the legal claims erroneously tried first to the court. The court of appeals nevertheless reversed and remanded all issues because both the other party and the court itself had substantial interests in consistency which required retrial of both legal and equitable claims.

[51] It will also likely encourage litigants to seek the extraordinary relief of mandamus to compel trial by jury immediately rather than risk the loss of the right depending upon the court's holding on the legal relief itself. Mandamus is available to contest denial of jury trial before the trial takes place, *Beacon Theatres, Inc.* v. *Westover*, 359 U.S. at 511 & n. 20, although review may also be sought after judgment. *National Union Electric Corp.* v. *Wilson*, 434 F.2d 986 (6th Cir. 1970).

[52] Pet. App. F, *infra*.

[53] Pet. App. A at 9a-10a; Transcript of Proceedings, June 24, 1980, Pet. App. F at 31a. *See* note 4 *supra*.

First, should allegations of the infringer's fraud be considered relevant to the claim of damages for infringement and as a possible limitation on the availability of laches as a defense to such a damage claim? The infringer's fraud is considered a limitation on the availability of laches as a defense to claims for injunctive relief [54] but, because a claim for damages rather than injunctive relief was at stake, the court of appeals ruled that these allegations of fraud should be ignored and recited a rule that laches will bar a claim for damages even for bad faith infringement.[55]

As a consequence of this rule, fraud is a fact in issue only when equitable relief is requested, and thus becomes a question solely for the court rather than for the jury that will hear the damages claim. Moreover, if the court finds as a fact, as it did here, that laches alone is a sufficient defense to damages for the claimed infringement, there will be no jury.

The sources of this "rule" that removes fraud from the purview of the jury by maintaining that laches will bar a claim for even bad faith infringement are several decisions of this Court that substantially precede enactment of both the present federal trademark law[56] and the Federal Rules of Civil Procedure. The court below relied in particular on *Hanover Star Milling Co.* v. *Metcalf*, 240 U.S. 403 (1916), and *Hanover*, in turn, relied upon several

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[54] *See, e.g., James Burrough Ltd.* v. *Sign of the Beefeater, Inc.*, 572 F.2d 574 (7th Cir. 1978); *Harlequin Enterprises Ltd.* v. *Gulf & Western Corp.*, 644 F.2d 946 (2d Cir. 1981); *Menendez* v. *Holt*, 128 U.S. 514 (1888); *Baker* v. *Simmons Co.*, 307 F.2d 458 (1st Cir. 1962).

[55] Pet. App. A at 4a. This result is contrary to the holding in *Baker* v. *Simmons Co.*, 307 F.2d 458 (1st Cir. 1962), as reaffirmed in *Baker* v. *Simmons Co.*, 325 F.2d 580, 582 (1st Cir. 1963).

[56] Trademark Act of 1946, ch. 540, 60 Stat. 427 (codified as amended at 15 U.S.C. §§ 1051-1127).

older opinions.[57] But the rule established by all of these decisions is merely that laches will sometimes bar an accounting of profits—an equitable, not a legal remedy. The decisions do not address the question whether laches alone is to be considered a bar to the legal relief now available under the Trademark Act.[58] By applying to legal claims the rule established in *Hanover* for equitable causes, the court below—and the others that have adopted the same position[59]—have seriously eroded the right to trial by jury of legal claims under the trademark and unfair competition laws.

Furthermore, the appellate court's denial of a jury trial on petitioner's damage claim rests on the premise that the laches defense, which is applicable to both legal and equitable claims, should be tried to the court rather than to a jury. Like the fraud issues raised by petitioner, laches

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[57] *McLean* v. *Fleming*, 96 U.S. 245 (1877); *Menendez* v. *Holt*, 128 U.S. 514 (1888); *Saxlehner* v. *Eisner & Mendelson Co.*, 179 U.S. 19 (1900).

[58] *See* 15 U.S.C. § 1117; *Dairy Queen, Inc.* v. *Wood*, 369 US at 477.

[59] *See, e.g., James Burrough Ltd.* v. *Sign of the Beefeater, Inc., supra; Houston Sports Ass'n, Inc.* v. *Astro-Card Co.*, 520 F. Supp. 1178 (S.D.Tex. 1981); *Finance Co. of America* v. *Bankamerica Corp.*, 502 F. Supp. 593 (D.Md. 1980); *see generally* Annotation, *Laches as Affecting Claim for Accounting and Damages in Federal Action for Infringement of Trademark or Tradename*, 14 A.L.R. Fed. 342, 350-364. Many of these cases distinguish between damages before and after the lawsuit is brought and permit damages to be awarded against a willful infringer after the date the suit is filed, *see, e.g., James Burrough, Ltd., supra; Houston Sports Ass'n, Inc., supra*, presumably sending those issues to a jury if one is demanded. The trial court rejected petitioner's argument that because of CPC's fraud, damages might be awarded for part of the time infringement occurred, and dismissed all petitioner's damage claims. See page 9 *supra* and Pet. App. D.

relates directly to the availability of legal relief.[60] Although laches is traditionally a defense to equitable claims, when legal claims are made to depend upon it, laches too should go to the jury.

These questions concerning the scope of the right to jury trial when legal and equitable claims are mixed as they are in trademark infringement cases deserve definitive answers by this Court. To allow the ruling below to stand is to permit the lower courts to deprive litigants of their constitutional right to have their legal claims heard by a jury if they so demand.

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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[60] The trademark act itself makes damages "subject to the principles of equity", 15 U.S.C. § 1117, but does not specify to whom these "principles" should be tried.

APPENDIX

APPENDIX A

IN THE
UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

SKIPPY INC, Appellant,

v.

CPC INTERNATIONAL, INC., Appellee.

SKIPPY, INC., Appellee,

v.

CPC INTERNATIONAL, INC., Appellant.

Nos. 81-1043, 81-1044.

Argued Nov. 5, 1981.
Decided March 5, 1982.

Before BUTZNER, WIDENER and CHAPMAN, Circuit Judges.

CHAPMAN, Circuit Judge:

This appeal and cross appeal are from a trademark infringement and unfair competition suit in which the plaintiff charged the defendant with infringement of its *Skippy* trademark. Defendant cross-claimed for damages for breach of contract and certain declaratory and injunctive relief based on its rights in the *Skippy* trademark. The district court granted defendant partial summary judgment, dismissing all plaintiff's claims for damages. After a nonjury trial on the merits, judgment for defendant was entered on plaintiff's claims for declaratory and injunctive relief. The district court held for the plaintiff on defendant's crossclaim for damages. The district court also held for the plaintiff on defendant's claim that plaintiff had abandoned its trademark rights in the mark *Skippy*. The distict court granted defendant's cross-claim for a declaratory judgment that its registration of the mark *Skippy* had become incontestable pursuant to 15 U.S.C § 1115.

Plaintiff appeals the judgment against it on its damage claims. It also appeals denial of its claims for declaratory and injunctive relief. Plaintiff asserts that it is entitled to a new trial on all its claims since it was denied a jury trial. In addition, plaintiff appeals the declaratory judgment for defendant on its claim to incontestable rights. Defendant cross appeals the district court's denial of its cross-claim for a declaratory judgment that plaintiff had abandoned its rights to the *Skippy* mark. We affirm the district court's resolution of these issues, except the declaratory judgment that defendant's right to the mark *Skippy* for peanut butter had become incontestable, which must be vacated.

In March of 1923, Percy L. Crosby created a cartoon featuring a school-aged child he named Skippy. Within a few years of its creation the cartoon had been syndicated to newspapers throughout the country, where it was published as a newspaper comic strip. During the first decade of publication, and to a lesser extent thereafter, Crosby capitalized on the popularity of the "Skippy" comic strip by marketing "Skippy" cartoon books, magazine articles and novels. Crosby also licensed rights to use the Skippy name and concept to commercial interests for product endorsements, radio programs and at least one motion picture.

In 1925 Crosby obtained a federal trademark for the mark *Skippy* for the title of cartoons depicting a humorous juvenile character. Skippy, Inc., the appellant/cross appellee herein and plaintiff below, was organized by Crosby in 1932. Crosby reportedly transferred his rights in the *Skippy* trademark to Skippy, Inc. in return for stock in the corporation. CPC International, Inc., appellee/cross appellant herein and defendant below, acquired its right to the mark *Skippy* for peanut butter in a 1958 merger with The Best Foods, Inc. Best Foods had acquired Rosefield Packing Company in 1954, obtaining with it Rosefield's rights to the mark *Skippy* for peanut butter. Rosefield began marketing Skippy brand peanut butter in 1933 when it was a fledgling packing comany distributing food products in the California area.

Rosefield intially placed a white slat fence and a bucket with a paintbrush in it on its Skippy peanut butter labels. The white slat fence, the bucket and brush, and the hand painted name *Skippy*, all appearing on the label of Rosefield's peanut butter, were arguably suggestive of Crosby's "Skippy" comic strip. Rosefield, Best Foods and CPC continued to use the fence, the bucket and brush and the hand painted *Skippy* mark on their labels until approximately 1960.

Syndication of the "Skippy" comic strip ceased in 1945, but Crosby and Skippy, Inc., continued to seek commercial uses for the Skippy cartoon character after 1945. In 1947 Skippy, Inc. retained the Al Dvorin advertising agency to promote and license the *Skippy* mark and concept. It is apparent that these efforts met with little success since Skippy, Inc.'s total income from 1945 to 1980 was $45,000, with $25,000 of this sum being received from CPC for what CPC asserts was a settlement of the parties' differences over use of the *Skippy* mark.

Skippy, Inc.'s federal registration of the *Skippy* mark was not renewed when it expired in 1945. In 1947 Rosefield registered the mark *Skippy* for peanut butter without opposition from Skippy, Inc. From 1958 to 1979 net sales of Skippy peanut butter totaled $1,218,000,000. Marketing and advertising expenses during that same period totaled $105,700,000.

Management of Skippy, Inc. changed hands in 1968 when Joan Crosby Tibbetts was elected president. In early 1977 Tibbetts advised CPC of her knowledge that Skippy, Inc. had successfully opposed Rosefield's attempts, in 1933, to register the mark *Skippy* for peanut butter. Shortly thereafter Tibbetts began negotiating with CPC to settle any claims that Skippy, Inc. might have against CPC. From May 1977 until September 1977, Tibbetts discussed several matters with CPC, including what came to be designated an "option" agreement entitling CPC to use the mark *Skippy* and the Skippy cartoon character in advertising its food products. This agreement contained a release of CPC by Skippy, Inc.

The district court, Judge Albert V. Bryan, Jr., presiding, granted CPC partial summary judgment and dismissed Skippy, Inc.'s claims for monetary damages on grounds of laches. Skippy, Inc. now appeals the grant of partial summary judgment, asserting that laches is not a defense to a claim for damages. Skippy, Inc. also asserts that laches, even if applicable to claims for damages, was improperly applied to the instant damage claims since Rosefield and its successors were guilty of bad faith infringement.

Laches is a defense to claims for damages for trademark infringement and unfair competition. *Greyhound Corp.* v. *Rothman*, 84 F. Supp. 233 (D.Md. 1949), *aff'd*, 175 F.2d 893 (4th Cir. 1949); *Worcester Brewing Corp.* v. *Rueter & Co.*, 157 F. 217 (1st Cir. 1907); 1 Gilson, *Trademark Protection & Practice* § 8.12[12][K]. While the availability of laches as a defense to claims for injunctive relief may be limited when the defendant is guilty of bad faith infringement, see *Menendez* v. *Holt*, 128 U.S. 514, 9 S.Ct. 143, 32 L.Ed. 526 (1888) and *Saxlehner* v. *Eisner*, 179 U.S. 19, 21 S.Ct. 7, 45 L.Ed. 60 (1900), laches will bar a claim for damages for bad faith infringement. *Hanover Star Milling Co.* v. *Metcalf*, 240 U.S. 403, 36 S.Ct. 357, 60 L.Ed. 713 (1916); *Greyhound*, *supra*.

Skippy, Inc.'s failure to pursue its claims against Rosefield from the late 1940's until 1979, when the instant suit was filed, convinces us that Judge Bryan did not abuse his discretion in applying laches to bar Skippy, Inc.'s claims for damages for trademark infringement and unfair competition.

Skippy, Inc.'s claims for declaratory and injunctive relief were tried nonjury to the district court, Judge Oren R. Lewis presiding. Judge Lewis held for CPC on Skippy, Inc.'s claims for declaratory and injunctive relief. The holding was based on several grounds, including Skippy, Inc.'s release of CPC from all Skippy, Inc.'s claims against CPC for use of the mark *Skippy* for peanut butter. We address only the release defense since we find the district court was not clearly erroneous in ruling that the release barred Skippy, Inc.'s claims against CPC for use of the mark *Skippy* for peanut butter.

The release of CPC by Skippy, Inc. obligated Skippy, Inc. to hold CPC harmless "from any and all differences and controversies which may have existed in the past or may now exist . . . as relates to the use of the . . . name 'Skippy.'" After hearing the evidence on negotiation of this release, the trial court concluded that the release was a settlement of the parties' differences over CPC's continued use of the mark *Skippy* for peanut butter. On appeal Skippy, Inc. asserts that the trial court was clearly erroneous in enforcing the release since it was procured by fraud. The first alleged fraud in the procurement of the release was "CPC's alleged false representations that it wanted to execute [a] marketing agreement" with Skippy, Inc. entitling CPC to use the Skippy cartoon character in advertising Skippy peanut butter. According to Skippy, Inc., CPC made these representations when it had already selected another advertising concept.

When Skippy, Inc. threatened to sue CPC in March of 1977, CPC assigned attorney Hanes Heller to handle the threatened suit. Between May and September of 1977, Tibbetts, on behalf of Skippy, Inc., and Heller, on behalf of CPC, engaged in negotiations for settlement of CPC's asserted past wrongs and discussions involving future income to Skippy, Inc. from use of the Skippy cartoon character in advertising CPC's peanut butter. Tibbetts testified that Heller orally represented that CPC had selected a concept involving use of the Skippy character. Heller testified that no such representations were made. Judge Lewis apparently credited Heller over Tibbetts, a judgment we do not find to be clearly erroneous.

The second assertion of fraud in procurement of the release was the alleged refusal of CPC and its present attorneys, Lord, Day & Lord, to permit Skippy, Inc. access to its own files and records until after the release had been signed. CPC's present attorneys represented Crosby and Skippy, Inc. in the 1930's and 1940's. In 1965, during a contest over Crosby's estate, Tibbetts requested that Lord, Day & Lord give her any old files that may have been retained. Lord, Day & Lord did not send Tibbetts any files and she did not immediately renew

her request for them. Tibbetts made another request for the files in 1976, at which time Lord, Day & Lord advised her that most of the files had been sent to another law firm, but noted that some of the files had been retained. Lord, Day & Lord agreed to Tibbetts' review of the retained files subject to its own review of them.

Skippy, Inc. asserts that it proved that Henry Baldwin of Lord, Day & Lord assured Tibbetts that the files it retained involved only closed matters while at the same time advising CPC that turning over the files might be prejudicial. It also claims it proved Lord, Day & Lord refused access to the files until after the release was signed. In addition, Skippy, Inc. asserts, without getting specific, that these files contained information necessary to maintain this action. CPC denies the files contained any prejudicial information that Tibbetts did not already have, and we assume there was no prejudicial information in them since Skippy, Inc. failed to offer any specific proof of prejudice. Henry Baldwin of Lord, Day & Lord denied having refused access to the files, but acknowledged that he had asked Tibbetts to wait to receive the files until after the option agreement was signed. A finding by the district court that Baldwin's request that Tibbetts wait to receive the files, until after the so-called "option" agreement had been completed, did not fraudulently induce the "option" agreement nor materially relate to it, is not clearly erroneous. We read the district court's statement that the "claim that the release was obtained by fraud or trickery lacks both evidentiary and legal support" to be a finding of fact and affirm on this basis as well.

Skippy, Inc. contends that this matter should be remanded for a new trial of all its claims since it was denied its Seventh Amendment right to jury trial. Skippy, Inc. argues it is entitled to a jury trial since it alleged a claim for damages for fraudulent procurement of the release obtained by CPC.

Charges of fraud raise difficult questions about the right to jury trial. Both professors Wright and Moore agree that fraud is not peculiarly a legal issue nor an equitable issue. 9 Wright &

Miller, *Federal Practice and Procedure:* Civil § 2311 at 52 (1971); 5A Moores Federal Practice ¶ 38.20. The jury right turns on the remedy sought and the context in which the claim arises. "When the only remedy sought for fraud is damages, the action is legal in nature and there is a right to jury trial." Wright & Miller, *supra*.

Skippy, Inc. alleged the facts underlying its fraudulent procurement claim in its complaint and also included a general prayer for monetary damages. Skippy, Inc. timely demanded a jury trial, making no specification of the issues to be so tried. These precautions would ordinarily entitle Skippy, Inc. to a jury trial on the fraudulent procurement issue. *Millner* v. *Norfolk & Western Railway Company*, 643 F.2d 1005, 1010 (4th Cir. 1981).

When the district court was considering whether to provide a jury trial as demanded, Skippy, Inc. did not inform the court of its claim for damages for fraudulent procurement of the release. Instead, Skippy, Inc. argued first, that it was entitled to a jury trial on its claims for damages for trademark infringement and later, that it was entitled to a jury trial on its claims for damages for unfair competition. At no time did Skippy, Inc. raise the issue of the claim for damages for fraudulent procurement of the release. The district court correctly ruled that Skippy, Inc. was not entitled to a jury trial on its claims for trademark infringement and unfair competition. We are now urged to reverse the district court and order a new trial on the basis of an argument not raised before the district court.

The complaint filed by Skippy, Inc. does not clearly evidence an intent to seek damages for fraudulent procurement of the release.[1] The fact that the complaint could be read to state a

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[1] The complaint filed by Skippy, Inc. is divided into four sections: statement of the case, statement of the claim (facts), statement of the counts, and prayers for relief. The statement of counts is in three separate sections: federal trademark infringement; common law trademark infringement and unfair competition; and federal unfair competition. The statement of the claim section sets forth the basic

claim for damages for fraudulent procurement of the release was apparently not discovered until after trial. At a June 24, 1980 hearing, Judge Bryan, in an order from the bench, dismissed all of Skippy, Inc.'s claims for damages. At this hearing the only causes of action discussed were those for trademark infringement. When Judge Bryan dismissed the damages portion of the action, counsel for CPC asked whether the case would proceed nonjury. Judge Bryan responded affirmatively, stating that only injunctive issues remained and that these were not proper for a jury. Counsel for Skippy, Inc. raised one question at this time, but failed to inform the court that in dismissing all damages claims, the court was overlooking the claim for damages for fraudulent procurement of the release.

Three days later CPC [sic] filed a motion to reconsider the order striking all damage claims. This motion to reconsider was based on Judge Bryan's failure to address CPC's claim for damages for unfair competition. The motion did not mention Skippy, Inc.'s claim for damages for fraudulent procurement of the release.

Less than one month later, on July 18, 1980, Judge Bryan convened a hearing on CPC's motion to dispose of the balance of the case on grounds of the defense of release. Judge Bryan denied this motion because of factual issues presented by the alleged fraudulent procurement of the release. Judge Bryan's acknowledgement of the fraudulent procurement issue came just 25 days after he dismissed all of Skippy, Inc.'s damage claims. Apparently he read the portion of the complaint alleging fraudulent procurement to state a basis for rescinding the

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factual allegations underlying the three separate counts and four enumerated causes of action. The statement of the claim section also sets forth the basic factual allegations underlying the asserted fraudulent procurement of the release. The asserted fraudulent procurement of the release is not listed nor discussed in the statement of the counts, the portion of the complaint separately naming all of Skippy, Inc.'s theories of liability except fraudulent procurement of the release.

release and not as a claim for damages. As shown above at note 1, this is a reasonable interpretation of the complaint.

In the absence of exceptional circumstances, questions not raised and properly preserved in the trial forum will not be noticed on appeal. *Malbon* v. *Pennsylvania Millers Mutual Insurance Company*, 636 F.2d 936, 941 (4th Cir. 1980); *United States* v. *One 1971 Mercedes Benz, Etc.*, 542 F.2d 912, 915 (4th Cir. 1976). Skippy, Inc.'s failure to apprise the court that it sought damages for fraudulent inducement of the release convinces us that such damages were not contemplated until after trial and that Skippy, Inc. raises the cause of action now merely to get a new trial on the other claims actively pursued below. Since Skippy, Inc. failed altogether to pursue its claim for damages for the alleged fraudulent inducement, it was not prejudiced by the district court's failure to give it a jury trial on a claim not contemplated at trial. We perceive no exceptional circumstances making consideration of the damages for fraud claim at this late date proper and decline to do so.

Skippy, Inc. also contends that the fraud asserted in avoidance of CPC's defense of release entitled it to a jury trial on the validity of the release whether or not it sought damages for this alleged fraud. In an action in which the issues are otherwise legal, fraud asserted in avoidance of a defense of release, whether asserted in response to the defense or in a complaint that anticipates that defense, entitles the plaintiff to a jury trial on the validity of the release. 5A *Moores Federal Practice, supra;* Wright and Miller, *supra*, at 59-60; *Bowie* v. *Sorrell*, 209 F.2d 409 (4th Cir. 1953). In an action in which the issues are otherwise equitable, the same rule does not necessarily apply. See *Liberty Mutual Ins. Co.* v. *Gerald*, 170 F.2d 917 (5th Cir. 1948) and *New Hampshire Fire Insurance Company* v. *Perkins*, 28 F.R.D. 588 (D.Del.1961).

In the instant case the district court apparently construed the fraudulent procurement allegations in the complaint to state grounds for rescission of the release and maintenance of Skippy, Inc.'s claims for trademark infringement. Skippy, Inc.

did nothing to indicate that such a construction of the complaint was erroneous. The district court properly dismissed Skippy, Inc.'s claims for damages leaving only claims for injunctive relief. In this posture the case presented issues purely equitable in nature that could be resolved by the court without empaneling a jury. *Robine* v. *Apco, Inc.*, 227 F. Supp. 512 (S.D.N.Y.1964) *aff'd*, 386 F.2d 267 (2nd Cir. 1967); and *Anti-Monopoly, Inc.* v. *General Mills Fun Group*, 611 F.2d 296 (9th Cir. 1979).

Skippy, Inc. also argues that it is entitled to a new trial on all its claims since it was entitled to a jury trial on CPC's compulsory counterclaim for damages. Since the district court entered judgment for Skippy, Inc. on CPC's counterclaim for damages, Skippy, Inc.'s position that it is entitled to a new trial on these issues is of little avail.

Two matters remain for disposition in this appeal. First, CPC cross claimed against Skippy, Inc. for a declaratory judgment that CPC's trademark rights in the mark *Skippy* had become incontestable pursuant to 15 U.S.C. § 1115. The district court held for CPC, declaring that CPC's right to use the mark had become incontestable and that "said registration shall be and hereafter evidence of registrant's exclusive right to use the registered trademark . . . ."

At trial Skippy, Inc. attacked CPC's claim to incontestable rights on grounds of fraud in the procurement of those rights. In June of 1933 Rosefield applied for a federal trademark registration for the mark *Skippy* for peanut butter. Skippy, Inc. opposed Rosefield's attempt to register *Skippy* for peanut butter. The Patent Office sustained Skippy, Inc.'s objection to the attempted registration and Rosefield did not appeal rejection of its application. In 1954, as a condition to sale of its business to Best Foods, Rosefield obtained incontestable rights to the mark *Skippy* peanut butter. To obtain these incontestable trademark rights, the president of Rosefield filed an affidavit with the Patent Office stating that there had been no final decision adverse to its rights to register *Skippy*.

Skippy, Inc. claimed that this statement in the affidavit was false since there had been a final decision against the registrability of Rosefield's mark in 1933. The district court held for CPC, finding that the statement in the affidavit was not false. CPC argues that the statutory requirement of no adverse decision to the party's right to register the mark applies only to the federal registration for which the affidavit is being sought (the 1947 registration) and does not include any adverse decisions (the attempted registration in 1933) from other attempts to register the same mark. We are unable to agree with this construction of the statute (15 U.S.C. § 1065). Section 1065 requires that the registrant file an affidavit stating that "there has been no final decision adverse to registrant's . . . right to register the [mark]." Unlike other statements required by § 1065, the requirement that party state there be no adverse decisions has no express time limitation. Absent a specified limitation, we see no reason to impose one. We, therefore, conclude that Rosefield's statement that there had been no final decisions adverse to the registrability of Rosefield's mark was false. Accordingly, that portion of the district court's order granting CPC a declaratory judgment that its rights in the mark *Skippy* had become incontestable must be vacated.

The second matter remaining for disposition is CPC's cross-claim for declaratory judgment that Skippy, Inc. abandoned its trademark rights in the mark *Skippy*. To prove abandonment, a party must show intent to abandon. *Saratoga Vichy Spring Co., Inc.* v. *Lehman*, 625 F.2d 1037, 1043-44 (2nd Cir. 1980). Skippy, Inc. submitted evidence showing that it continued to attempt to market the Skippy cartoon character and concept after 1945, that the Board of Directors of Skippy, Inc. met occasionally after 1945, and that Skippy, Inc. reemerged as an active company after Tibbetts became president in 1968. This evidence is sufficient to sustain the district court's finding that Skippy, Inc. did not intend to abandon its trademark.

Except for the district court's declaration that CPC's right to use the mark *Skippy* has become incontestable pursuant to 15 U.S.C. § 1115, the resolution of all issues by the district

court is affirmed. The declaratory judgment that CPC's right to the mark *Skippy* has become incontestable is vacated.

AFFIRMED IN PART, VACATED IN PART.

WIDENER, Circuit Judge, concurring and dissenting.

I concur in all of the opinion except certain of those parts regarding the right to a jury trial to which I respectfully dissent.

So far as the opinion may be based on waiver of jury trial, failure to raise the issue timely, or the like, I agree with it.

So far as the opinion relies, however, on failure to grant a jury trial because the issues involved, including fraud (the other issues having been removed), were equitable, I think that the reasoning expressed in *Dairy Queen* v. *Wood*, 369 U.S. 469, 82 S.Ct. 894, 8 L.Ed.2d 44 (1962), requires trial by jury. Thus, I would re-parse the case in line with that holding, as consistently as I might with the principles expressed in the majority opinion, vacating, however, for a new trial, such parts of the judgment as depend upon issues which ought to have been tried by jury.

APPENDIX B

IN THE
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA

Alexandria Division

CIVIL ACTION NO.
80-250-A

SKIPPY, INC., Plaintiff,

v.

CPC INTERNATIONAL, INC., Defendant.

FILED
NOV 24, 1980

MEMORANDUM OPINION AND ORDER

This suit for federal and common law trademark infringement and unfair competition was brought under the Federal Trademark Act of 1946, 15 U.S.C. § 1051, *et seq.*, and the common law of Virginia.

The plaintiff charged the defendant with infringement of its registered "Skippy" trademark, and sought monetary damages and declaratory and injunctive relief.

The defendant denied infringement and asserted the affirmative defenses of: laches--estoppel—release—abandonment and incontestability; and counter-claimed for breach of contract and declaratory and injunctive relief.

In its answer to the counter-claim, the plaintiff alleged fraud on the part of the defendant in registering "Skippy" as its trademark for its peanut butter products.

The plaintiff's claim for monetary damages was stricken by Judge Bryan on the grounds of laches and estoppel, and the matter was set down for plenary hearing on the parties' respective claims for declaratory and injunctive relief.

The evidence received discloses that Percy L. Crosby, in March of 1923, created a comic strip based primarily upon the activities of a male child he named "Skippy." He used a white, slat fence as a background for messages written by "Skippy."

On September 8, 1925, Crosby obtained a federal trademark #202,913 for the mark "Skippy" for the title of cartoons depicting a humorous juvenile character.

This comic strip became quite popular and was syndicated to newspapers throughout the country.

"Skippy, Inc." was chartered in Delaware in 1932; Crosby transferred and assigned certain of his properties, reportedly including rights to "Skippy," to this corporation in return for stock (however, no transfer or assignment of his rights in the trademark "Skippy" was recorded in the United States Patent and Trademark Office). He served as President of the corporation until 1945.

Crosby wrote several novels and books about "Skippy," some of which were serialized in magazines and in the movies.

In 1931, General Mills, in promoting its breakfast cereal "Wheaties," sponsored a radio program entitled, "Skippy."

"Skippy" dolls, pens and pencils were manufactured and produced by others under license from Skippy, Inc.

King Features' right to syndicate the "Skippy" comic strip terminated on December 8, 1945.

In 1945, the 1925 federal trademark expired.

In 1947, Skippy, Inc. retained the Al Dvorin Ad Agency to promote and license its "Skippy" property—the Agency worked on developing radio scripts, cartoon projects for the Saturday Evening Post, and so forth.

In 1949, George Borgfeldt and Co. assigned its registered trademark No. 296,463 for the use of the mark "Skippy" as applied to toy figures to Crosby.

In early 1949, Mr. Crosby was committed to the Kings Park Hospital on the grounds of incompetency—from 1949 to 1959, his wife handled the business of the corporation until her death in 1959. During this period, the corporation considered and investigated prospective purchasers of the "Skippy" comic strip, and explored the possibility of "Skippy" movies, radio and television programs.

In 1955, the corporation transferred the television and commercial rights to "Skippy" to a new subsidiary corporation (Skippy Enterprises, Inc.).

Upon the death of Mrs. Crosby, the affairs of Skippy, Inc. were under the direction of the Lafayette National Bank, as committee of Percy L. Crosby, and Rose L. Stein, executor of the estate of Mrs. Crosby, until Mr. Crosby's death in 1964.

After protracted litigation, the two estates were settled and the rights previously granted to Skippy Enterprises, Inc. were returned to Skippy, Inc. with majority control of Skippy, Inc. being vested in Percy Crosby's children.

Joan Crosby Tibbetts was elected President of Skippy, Inc. in 1968. During the period from 1968 to 1980, "Skippy" was republished in various and sundry magazines and cartoon books, and used in radio programs and movies—and a limited number of "Skippy" dolls, pens and pencils were sold and distributed.

In June of 1979, plaintiff entered into another agreement with King Features for the syndication and merchandising of the "Skippy" name and property. This agreement expired in June of 1980.

On June 29, 1978, the plaintiff filed for a United States trademark registration for the "Skippy" name, which was issued in January of 1980.

Two additional applications were filed for the registration of the "Skippy" name in conjunction with the character as a service mark for merchandising services. These applications are still pending.

The defendant CPC International's claim to the right to use the name "Skippy" for its peanut butter was acquired via other corporations from the Rosefield Packing Company.

Rosefield, upon the advice and recommendation of its trademark consultants, began to use the trademark "Skippy" on its peanut butter products in 1933—the Rosefield Brothers applied for a federal trademark registration for the name "Skippy" for peanut butter in June of that year. In September of 1933, Skippy, Inc. filed a notice of opposition—although the records of the patent office have been destroyed, the patent office apparently sustained the opposition without a hearing on the merits.

Since this action on the part of the Trademark Examiner applied only to registrability, Rosefield was assured by its trademark attorneys of its right to continue the use of its "Skippy" trademark on its peanut butter product.

Rosefield continued to use the mark and its peanut butter business grew and prospered.

Skippy Peanut Butter was originally distributed in the western states; in 1944, Rosefield began distributing Skippy Peanut Butter in the east. Shortly thereafter, Rosefield received a letter from Skippy, Inc.'s counsel in re Rosefield's use of the trademark "Skippy."

Although the record is unclear as to the discussions between the parties, no action was taken by either party and the lawyers for both parties considered the matter closed.

Some three years later, the Al Dvorin Agency advised Rosefield that it was negotiating with others regarding licensing of the "Skippy" trademark and wanted to enter into a similar agreement with Rosefield Packing Co. for its continued use of "Skippy." Rosefield's attorneys advised Dvorin that Rosefield

Packing Co. owned the trademark "Skippy" for peanut butter—that it did not use the cartoon character; that any attempt to interfere with its rights would be met with legal action—nothing further was heard from Skippy, Inc. or its agents.

Rosefield filed an application for registration of "Skippy" for its peanut butter in 1947 under the provisions of the new federal trademark statute of 1946. The registration (No. 504,940) was granted in 1948—no one opposed this application.

Between 1933 and 1944, Rosefield Packing Co. registered its trademark "Skippy" for peanut butter in each of the 48 states and in Hawaii.

In 1936, the mark was registered in Delaware, New York and Virginia, where Crosby lived, and Skippy, Inc. had its principal place of business—neither Crosby nor Skippy, Inc. objected to any of these registrations.

As required under the Lanham Act, Rosefield filed an affidavit in 1954 stating that its "Skippy" trademark was in continuous use, that there had been no final decision adverse to its claim of ownership of the mark for its goods, and its right to register the same, and to keep the same on the register, and that there were no proceedings involving its rights pending and not finally disposed of.

Rosefield and its successors have spent more than one-hundred-five million dollars in advertising and marketing its Skippy Peanut Butter—its net sales exceed one-and-a-half billion dollars.

Joan Crosby Tibbetts did not contact the defendant about its use of "Skippy" in connection with their peanut butter until sometime in early 1976. She sought their assistance in promoting the art work of her father, and briefly discussed the historical confusion about the rights of Skippy, Inc. She did not pursue the matter further with CPC until March of 1977.

In the interim, she visited the U. S. Patent and Trademark Office, where she learned about Skippy, Inc.'s opposition in

1933 to Rosefield Packing Co.'s attempt to register the mark for peanut butter.

In March of 1977, Mrs. Tibbetts expressed concern over the use of the "Skippy" mark by a pet food manufacturer and sought CPC's legal assistance in protecting the "Skippy" name.

When she did not receive a prompt response, she threatened to either sue or go to the newspapers, or both—CPC's attorney got in touch with her shortly thereafter and numerous meetings followed.

She wanted $125,000.00 to resolve any and all differences they might have had. Although CPC contended that it had no liability for any infringement, it continued to discuss the matter with Mrs. Tibbetts—they reached a tentative agreement in the fall of 1977.

The agreement was reviewed by Skippy, Inc.'s attorney and was executed by Mrs. Tibbetts on behalf of Skippy, Inc. on December 13, 1977. CPC signed it on January 10, 1978.

The agreement released the defendant from any and all claims which Skippy, Inc. may have had against it relating to its use of the name "Skippy"—and granted the defendant a two-year option to use its "Skippy" cartoon character upon a negotiated royalty.

The plaintiff's claim for monetary damages has been stricken by Judge Bryan on the grounds of laches and estoppel.

Upon consideration of the evidence and authorities cited, the undersigned is of the opinion that the plaintiff's claim for injunctive relief should be denied on the grounds hereinafter mentioned.

The burden is on the plaintiff to prove its claim for injunctive relief by a preponderance of the evidence—it has failed to so do.

The Federal Trademark Act (15 U.S.C. § 1141(1)) defines infringement as the use in commerce of any reproduction copy,

or colorable imitation of a registered mark in connection with the sale or advertising of any goods with which such use is likely to cause confusion, to cause mistake, or to deceive.

In order to prevail, the plaintiff must show that it was the prior user of a valid trademark—that the marks in question are either identical or in close resemblance—and that the nature of the respective products used by the plaintiff and defendant are not so unrelated as to preclude any confusion as to their source.

The plaintiff has only proven that it was the prior user of the name "Skippy"—that alone is not enough to cause confusion, mistake or to deceive.

Involved in all lists of factors to be considered is the nature of the goods, the channels of trade, the class of purchasers, the distinctiveness of the mark, the nature and extent of any actual confusion. *See Arrow Distilleries* v. *Globe Brewing Co.*, 117 F.2d 347 (4th Cir. 1941); *Communications Satellite Corp.* v. *Comcet, Inc.*, 429 F.2d 1245 (4th Cir. 1970).

The law of Virginia in establishing the test of confusion is not unlike and parallels that of the federal trademark act. *See Food Fair Stores, Inc.* v. *Lakeland Grocery Corp.*, 301 F.2d 156 (4th Cir. 1962). *See, also, John Walker and Son, Ltd.* v. *Bethea*, 305 F.Supp. 1302 (D.C.S.C. 1969).

"Skippy" was used by Percy Crosby as the title of his cartoons depicting a humerous, juvenile character—in addition to the name and "Skippy's" quaint costume (an indescribable checkered hat; huge white collar, flowing tie and dragging socks), Crosby used other symbols—most often, the ever-present white, slat fence as a background for messages written by "Skippy," who would be shown in the comic strip carrying a bucket and brush.

The name "Skippy" was never used as a name for peanut butter until Rosefield, the predecessor of the defendant, adopted it as the name of its patented peanut butter in 1933.

Rosefield neither reproduced nor copied Crosby's "Skippy"—or used any of the symbols Crosby used in portray-

ing "Skippy" in his comic strip, with the exception of the white, slat fence, as a background for the name "Skippy" in his 1933 trademark application. He abandoned the white fence background shortly thereafter and has used the hand-printed name "Skippy" as the name of his peanut butter since that date—there is nothing on the "Skippy" peanut butter label indicating that the defendant's peanut butter is being manufactured or recommended by Crosby's juvenile comic strip character.

There is and was little likelihood of confusion from the use of the name alone—many different products marketed by different companies bear the same name; *i.e.*, Cadillac automobiles, Cadillac dog food, Cadillac boots—Ford automobiles—Ford phonograph records—Vogue Magazine and Vogue tires, etc.

Although the plaintiff called two well-known, present-day cartoonists to support its contention that the name "Skippy" alone was so identified with the Crosby juvenile character as to cause confusion among the buying public, that evidence was far from convincing.

Further, although not conclusive, it is both probative and significant to note that the Trademark Examiner did not cite the existing CPC registration of "Skippy" for peanut butter against the plaintiff's 1978 application to register and/or reregister the name "Skippy" as its trademark for its cartoon comic strip as he should have done under the statute (15 U.S.C. § 1062(a)) if he believed the use of the name "Skippy" as a trademark on the respective products of the parties would be likely to cause confusion or to cause mistake, or to deceive.

Crosby's trademark expired and "Skippy" ceased to exist as a syndicated juvenile comic character in 1945.

Even though the plaintiff did little to protect or use its "skippy" trademark between 1945 and the registering or reregistering of the mark in 1980—that is not enough to prove abandonment.

Skippy, Inc. has been aware of the use of the name "Skippy" by the Rosefield Packing Co. on its peanut butter and its successors in interest since 1933. It has taken no action to stop such use until the filing of this complaint, some 47 years later.

Both Judge Bryan in this suit, and the undersigned, in *Potter Instrument Company* v. *Storage Technology Corp.*, Civil Action No. 79-579-A, have held that a law suit is barred by laches when the plaintiff has not exercised diligence in asserting its rights and when the defendant has been prejudiced by the delay.

In a trademark action such as this, simple laches coupled with conduct amounting to estoppel, acquiescence or abandonment, is sufficient to bar a claim for an injunction. *See Ambrosia Chocolate Company* v. *Ambrosia Cake Bakery*, 165 F.2d 693 (4th Cir. 1947).

The defendant has spent millions to advertise and promote their "Skippy" peanut butter. To require them to adopt a new name for their peanut butter after 47 years of uninterrupted use would be grossly unfair.

As was said by Judge Learned Hand, in *Landers, France & Clark* v. *Universal Cooler Corporation*, 85 F.2d 46, 49 (2d Cir. 1936):

> When for eight years one plans one's business on the assumption that one may use a mark, it is a grave dislocation of the business to stop this use; the whole organization must be recast and the market re-educated; nobody can estimate what the losses may be.

The plaintiff in this case not only failed to take any legal action to protect its claimed exclusive right to the use of the name "Skippy," for some 47 years, plaintiff released the defendant in December of 1977 from any and all claims which it may have had against the defendant relating to its use of the name "Skippy."

Their claim that the release was obtained by fraud or trickery lacks both evidentiary and legal support.

The release was supported by a valuable consideration and was approved by Skippy, Inc.'s attorneys before it was executed and delivered to the defendant.

Therefore, the plaintiff's prayer for permanent injunctive relief must be DENIED, and

IT IS SO ORDERED.

Plaintiff's prayer that this Court enter an order directing the Commissioner of Patents and Trademarks to cancel all federal trademark registrations owned or required [sic] by defendant, which include the name "Skippy," must likewise be DENIED, and

IT IS SO ORDERED.

The defendant's 1948 registration of its "Skippy" trademark for its peanut butter has been in continuous use for more than five years—the conditions set forth in 15 U.S.C. § 1065 have been complied with.

Once incontestability has been established, the registration is conclusive evidence of the registrant's exclusive right to use the mark—subject to challenge only on the grounds specified in 15 U.S.C. 1115(b). *See Phillip Morris, Inc.* v. *Imperial Tobacco Co.*, 251 F.Supp. 362, 379 (E.D.Va. 1965) and *Armand's Subway, Inc.* v. *Doctor's Associations, Inc.*, 604 F.2d 849 (4th Cir. 1979).

The plaintiff's attack on the incontestability of the defendant's 1948 registration on the grounds of fraud in its procurement—fails for the want of sufficient evidentiary support.

The plaintiff tendered no evidence to support its claimed fraud except J. L. Rosenfield's declaration in his 1948 application, wherein he stated:

> * * * that no other person, corporation or association, to the best of his knowledge and belief has the right to use such trademark in commerce * * * either in the identical form thereof or in such near resemblance thereto as might be calculated to deceive * * * *

That's not enough—the plaintiff must prove that Rosefield knowingly made an inaccurate or misleading statement with the intent to deceive the Patent and Trademark Office, and that, but for the knowingly inaccurate and misleading statement, the Patent and Trademark Office would not have issued the registration or accepted the affidavit.

"Fraudulent intent cannot be inferred merely from an assertion of exclusive rights in a trademark." *See SCOA Industries* v. *Kennedy & Cohen, Inc.*, 188 U.S.P.Q. 411 (TTAB 1975).

Although Rosefield is now deceased, the evidence in this case clearly establishes that he believed he had the exclusive right to use "Skippy" as the name of his peanut butter—he had used it for 15 years—and had registered it in all of the states.

The plaintiff had active and constructive notice of the defendant's belief that he had the right to use the mark "Skippy" on his peanut butter—and could have petitioned to cancel his 1948 registration at any time between that date and 1954.

It did nothing until 1980 when it filed this suit.

Although Rosefield's 1954 affidavit was not used in procuring the defendant's 1948 registration—it was given to establish the incontestability of the 1948 registraton—the averment "there had been no final decree adverse to its claim of ownership or its right to register the same," was neither false nor fradulent.

The plaintiff's claim that the Patent and Trademark Office's failure to grant the defendant's 1933 application was such a final decree was not supported by the authorities cited:

All we know about Rosefield's 1933 application is:

All of the principals are dead;

The Patent Office records have long since been destroyed;

Skippy, Inc. filed an opposition;

There was no hearing;

The registration was not granted; and

Rosefield, upon the advice of counsel, kept on using "Skippy" as the name of his peanut butter products.

Successful oppositions to trademark registration applications are not res judicata in *ex parte* application proceedings.

Failure to grant, or denial of registration does not preclude the Commissioner of Patents and Trademarks from entertaining a subsequent application and registering the claimed mark.

It did so in this case—the Rosefield Packing Co. reapplied some 14 years later and the Commissioner of Patents and Trademarks granted the requested registration on December 21, 1948.

Skippy, Inc. did not file any opposition to this application.

Rosefield had every reason to believe in 1954 there had been no final decree adverse to his claim of ownership or his right to use the mark "Skippy" on his peanut butter products.

He made no false or fraudulent statement in his 1954 application.

The plaintiff must prove by clear and convincing evidence that the defendant's 1948 registration or the incontestable right to use the mark was obtained fraudulently—it has failed to so do.

On the evidence presented, this Court finds there has been no final decision adverse to Rosefield's claim of ownership of the mark "Skippy" for its peanut butter products or its right to register the same.

Therefore, the Court hereby declares that the defendant's right to use the said mark has become incontestable under 15 U.S.C. § 1115(b), and the said registration shall be and hereby is conclusive evidence of the registrant's exclusive right to use the registered trademark in commerce on or in connection with the goods or services specified in the affidavit filed under the provisions of said § 1065.

The defendant's counter-claim for breach of contract and for injunctive relief must be DENIED for want of sufficient proof, and

IT IS SO ORDERED.

The contract between the parties does not contain any covenants not to sue and does not provide for the award of any counsel fees.

The plaintiff has done nothing to interfere with the claimed right of the defendant to use his registered trademark "Skippy" on its peanut butter products for some 47 years, except to file this suit—no evidence was tendered indicating that the plaintiff intended to or would interfere with any of the defendant's rights to use its registered mark in the future.

The Clerk will send a copy of this Memorandum Opinion and Order to all counsel of record.

November 24, 1980.

/s/ Oren R. Lewis
Senior United States District Judge

APPENDIX C

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

No. 81-1043

JUDGMENT

SKIPPY, INC., Appellant,

vs.

CPC INTERNATIONAL, INC., Appellee.

Appeal from the United States District Court for the Eastern District of Virginia.

This cause came on to be heard on the record from the United States District Court for the Eastern District of Virginia, and was argued by counsel.

On consideration whereof, It is now here ordered and adjudged by this Court that the judgment of the said District Court appealed from, in this cause, be, and the same is hereby, affirmed in part and vacated in part.

FILED
Mar 5, 1982
U.S. Court of Appeals
Fourth Circuit

/s/ William K. Slate, II
CLERK

APPENDIX D

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

No. 81-1043(L)

CORRECTED ORDER

SKIPPY, INC., *Appellant*,

v.

CPC INTERNATIONAL, INC., *Appellee*.

No. 81-1044

SKIPPY, INC., *Appellee*,

v.

CPC INTERNATIONAL, INC., *Appellant*.

Appeals from the United States District Court for the Eastern District of Virginia, at Alexandria. Oren R. Lewis, District Judge

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Upon consideration of the petition for rehearing and suggestion for rehearing en banc and no judge having requested a poll of the court on the petition for rehearing en banc,

IT IS ORDERED that the petition for rehearing and suggestion for rehearing en banc is DENIED. Judge Widener dissents. He would grant rehearing for the reasons stated in his separate opinion previously filed.

Entered at the direction of Judge Chapman with the concurrence of Judge Butzner.

FILED
MAY 3 1982
U.S. Court of Appeals
Fourth Circuit

For the Court

/s/ William K. Slate, II
CLERK

APPENDIX E

IN THE
SUPREME COURT OF THE UNITED STATES

No. A-65

SKIPPY, INC., *Petitioner*,

v.

CPC INTERNATIONAL, INC.

ORDER EXTENDING TIME TO FILE PETITION FOR WRIT OF CERTIORARI

UPON CONSIDERATION of the application of counsel for petitioner,

IT IS ORDERED that the time for filing a petition for writ of certiorari in the above-entitled cause be, and the same is hereby, extended to and including September 1, 1982.

/s/ William J. Brennan
WILLIAM J. BRENNAN
Associate Justice of the Supreme Court of the United States

Dated this 22nd
day of July, 1982

APPENDIX F

IN THE
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA

SKIPPY, INC., *Plaintiff*,

v.

CPC INTERNATIONAL, INC., *Defendant*.

Civil Action No. 80-270-A

TRANSCRIPT OF PROCEEDINGS,
JUNE 24, 1980

THE COURT: You have been heard.

I don't believe that insofar as injunctive relief is concerned I can decide in a summary manner that the circumstances are such that the relief cannot be awarded in the form of an injunction.

The Rothman case language is pretty firm, and those cases that do support the denial of the injunctive relief on the basis of laches I don't believe have done so on a summary basis. But after the court has been able to hear the "circumstances," to see whether in fact the sleeping on plaintiff's rights has been such as to create and assume permission for the defendant to do what it has done.

I am aware and will of course continue to be aware of the Supreme Court's admonition that the court should be hesitant in the equitable relief it awards where there has been a delay in acting on the part of a plaintiff or a lack of diligence and the defendant has been allowed to enhance the reputation of the product, but I'm reluctant and will not grant the summary judgment insofar as injunctive relief is concerned.

I will, however, grant the motion for summary judgment insofar as it attacks the plaintiff's claim for damages. Clearly here in my view the damage for past infringement cannot succeed. While the plaintiff may not be precluded from a bar against future infringements, if it can show that such infringement exists, and the circumstances need not establish laches, I do not think it can, under the undisputed facts here, make out a claim for damages.

So partial summary judgment will be awarded the defendant, granting the defendant's motion to dismiss the damage claim.

APPENDIX G

IN THE
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA

SKIPPY, INC., *Plaintiff*,

v.

CPC INTERNATIONAL, INC., *Defendant*.

Civil Action No. 80-250-A

**TRANSCRIPT OF PROCEEDINGS,
JULY 18, 1980**

THE COURT: The motion for summary judgment is denied.

Insofar as release is concerned, the fraud which did not, of course, have to be pled until the question of release was raised by the defendant was properly pled and I don't understand that to be a point in the matter anyway.

But I think there is an issue of fact for the fact finder as to whether the Ms. Tibbits acting on behalf of the corporation was induced to sign the option release agreement because of a material misrepresentation concerning the marketing concept which was going to be embarked upon by the defendants.

The burden will be, of course, on the plaintiff to prove that fraud and it may not be able to prove either that she was misled, that she relied or that it was a misrepresentation.

There is certainly in my view an issue of fact presented on that matter.

Moreover, it seems to me there is an issue of fact as to whether withholding of the files or the information in the files by Lord, Day and Lord was a factor in inducing her to sign the agreement, and had those facts been made known to her whether she would have signed the agreement.

Again at least I don't decide that those facts have been proved. I just think there is an issue as to those facts and that's all that I, of course need decide at this point.

As far as abandonment is concerned, I think there is an issue of fact both as to the intent to abandon and as to what use was made of the trademark, trade name during the period '45 to '68, when the attempted exploitation of the mark and name negates any intent to abandon and whether there was sufficient nonuse so as to cause the mark or name to lose its distinctiveness.

I don't need to decide whether the factors giving rise to an estoppel, either collateral or by licensing arises, but it seems to me there are issues presented which if they don't arise to estoppel may be circumstances to be taken into account in determining whether there was any intent to abandon.

As far as incontestibility is concerned I doubt seriously that the incontestiblity created by the sections of the Act that are cited can be used as a defense in an infringement suit. But even if they can, with the allegations here concerning the fraud in making or the false statement under section 15 affidavit filed in 1954 which statements are concededly false present an issue of fact as to whether they were material and relied upon and so on.

But in my view they are issues of fact as to all three of the defenses asserted.

For these reasons the motion for summary judgment is, as I say, denied.

We will take a short recess.

* * *

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ALEXANDER L. STEVAS.

No. 82-310

IN THE
Supreme Court of the United States

OCTOBER TERM, 1982

SKIPPY, INC, *Petitioner*,

v.

CPC INTERNATIONAL, INC., *Respondent*.

BRIEF IN OPPOSITION TO A PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

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PRESS OF BYRON S. ADAMS PRINTING, INC., WASHINGTON, D.C.

QUESTIONS PRESENTED

I

Whether, following the granting of summary judgment striking all petitioner's claims for damages and leaving only injunctive relief for trial, there remained any issues before the trial court upon which petitioner was entitled to a trial by jury.

II

Whether the decision below, which does not rely on a waiver of trial by jury and which does not address or decide the issue of waiver, can be considered to be in conflict with decisions of other courts of appeals which specifically address waiver of trial by jury.

TABLE OF CONTENTS

	Page
QUESTIONS PRESENTED	i
COUNTER STATEMENT OF THE CASE	1
A. The Parties and Background Facts	1
B. The Complaint and Proceedings in the Trial Court	3
C. The Decision of the Court of Appeals	5
REASONS FOR DENYING THE WRIT OF CERTIORARI	6
ARGUMENT	7
I. FOLLOWING THE GRANTING OF SUMMARY JUDGMENT TO CPC, THERE REMAINED NO ISSUES IN THIS MATTER UPON WHICH PETITIONER WAS ENTITLED TO TRIAL BY JURY	7
A. Where There Are No Issues Of Fact In Dispute, The Defense Of Laches Is An Appropriate Subject For Summary Judgment	7
B. Fraud, When Used In Avoidance Of An Affirmative Defense To An Equitable Claim, Is Properly A Question For The Court And Does Not Entitle Petitioner To A Trial By Jury	8
C. The Claim For Damages For Fraud In The Procurement Of The Release Was Not Presented To The Trial Court	8
D. CPC's Counterclaim Is Not A Basis For Granting A Writ Of Certiorari	10
II. THE DECISION BELOW DOES NOT ADDRESS THE ISSUE OF WAIVER OF THE RIGHT TO A JURY TRIAL AND THEREFORE DOES NOT CONFLICT WITH DECISIONS OF OTHER COURTS OF APPEALS ON THE WAIVER ISSUE	11
CONCLUSION	13
APPENDIX A	1a
APPENDIX B	15a
APPENDIX C	54a

TABLE OF AUTHORITIES

CASES:	Page
Brensinger v. *Margaret Ann Super Markets, Inc.*, 192 F.2d 458 (5th Cir. 1951)	7
Brown v. *County of Buena Vista*, 95 U.S. 157 (1877)	8
Commercial Iron & Metal Company v. *Bache Halsey Stuart, Inc.*, 581 F.2d 246 (10th Cir. 1978)	9
Costello v. *United States*, 365 U.S. 265 (1961)	8
Dam v. *General Electric Company*, 265 F.2d 612 (9th Cir. 1958)	7
Desert Palace, Inc. v. *Salisbury*, 401 F.2d 320 (7th Cir. 1968)	9
Hormel v. *Helvering*, 312 U.S. 552 (1941)	9
International Travelers Cheque Co. v. *BankAmerica Corporation*, 660 F.2d 215 (7th Cir. 1981)	9
Malbon v. *Pennsylvania Millers Mutual Insurance Company*, 636 F.2d 936 (4th Cir. 1980)	9
Monroe Auto Equipment Company v. *Heckethorn Mfg. & Supply Company*, 332 F.2d 406 (6th Cir.) *cert. denied* 379 U.S. 888 (1964)	11
New Hampshire Fire Insurance Company v. *Perkins*, 28 F.R.D. 588 (D.Del. 1961)	8
Plechner v. *Widener College, Inc.*, 569 F.2d 1250 (3d Cir. 1977)	8
Port of Palm Beach District v. *Goethals*, 104 F.2d 706 (5th Cir. 1939)	7
Singleton v. *Wulff*, 428 U.S. 106 (1976)	9
Skippy, Inc. v. *CPC International, Inc.*, 674 F.2d 209 (4th Cir. 1982)	4, 5
United States v. *One 1971 Mercedes Benz*, 542 F.2d 912 (4th Cir. 1976)	9
United States v. *243.22 Acres of Land*, 129 F.2d 678 (2d Cir.) *cert. denied* 317 U.S. 698 (1942)	11
United States v. *Williams*, 441 F.2d 637 (5th Cir. 1971)	11

Table of Authorities Continued

Page

STATUTES AND RULES:

Federal Rule of Civil Procedure 56 7

OTHER AUTHORITIES:

5 *Moore's Federal Practice* (2 ed. 1982) 8

9 Wright & Miller, *Federal Practice and Procedure:* Civil (1971) 8

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CPC INTERNATIONAL, INC., *Respondent*.

BRIEF IN OPPOSITION TO A PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

COUNTER STATEMENT OF CASE

A. The Parties And Background Facts

Respondent, CPC International, Inc. ("CPC") is the present owner of the trademark SKIPPY for peanut butter. CPC acquired its right to the mark SKIPPY in a 1958 merger with The Best Foods, Inc. Best Foods obtained the rights to the mark in 1954 when it acquired Rosefield Packing Company ("Rosefield"). Rosefield began marketing SKIPPY brand peanut butter in 1933, and in 1947, was granted, without opposition, a federal registration for the mark SKIPPY for peanut butter.

Petitioner, Skippy, Inc., claims to be the owner of the trademark "Skippy" for a humorous juvenile cartoon character created by Percy L. Crosby in 1923 and syndicated to newspapers as a comic strip. In 1925, Crosby

obtained a federal trademark for the mark "Skippy" for the title of a cartoon character. In 1945 syndication of the "Skippy" comic strip terminated and "Skippy" ceased to exist as a syndicated juvenile comic character.[1] The federal registration of the "Skippy" mark for cartoons expired in 1945 (JA 378).

From 1945 to the commencement of the suit below, Skippy, Inc. produced no cartoons, manufactured no product and performed no services utilizing a "Skippy" trademark. In contrast, from 1958 to 1979, net sales by CPC of SKIPPY peanut butter totalled $1,218,000,000 (JA 301). Marketing and advertising expenses during the same period totalled $105,700,000 (JA 302).

From 1933 until the instant litigation, petitioner did nothing to enjoin Rosefield's or its successors' continued and open use of the name SKIPPY for peanut butter.

After Mr. Crosby's death in 1964, management of Skippy, Inc. changed hands and in 1968 his daughter, Joan Crosby Tibbetts, was elected President. In 1977 she began negotiations with CPC to settle any "claims" that Skippy, Inc. might have against CPC, which resulted in an agreement signed in January, 1978, whereby, *inter alia*, CPC paid Skippy, Inc. $25,000.00, and Skippy, Inc. released CPC from all differences and controversies relating to the use of the mark SKIPPY.

On March 14, 1980, 47 years after CPC's predecessor first began use of the mark SKIPPY for peanut butter, the petitioner, Skippy, Inc., filed this action against CPC.

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[1] Pet. App. B at 20a; JA 378, 385. JA refers to the Joint Appendix filed by the parties on appeal.

B. The Complaint And Proceedings In The Trial Court

Petitioner's complaint[2] sought damages for trademark infringement and unfair competition, together with injunctive relief preventing CPC's future use of SKIPPY on peanut butter. Petitioner's complaint also sought an order requiring the Commissioner of Patents and Trademarks to cancel CPC's registration of its SKIPPY trademark. CPC's answer raised several affirmative defenses, including laches and the bar of the release. In addition, CPC filed a counterclaim seeking a declaratory judgment that Skippy, Inc. had abandoned its rights in the trademark SKIPPY, that CPC's right to use the trademark SKIPPY had become incontestable, and seeking return of the $25,000 consideration for the release.

CPC filed a motion for summary judgment on the grounds of laches and estoppel as to petitioner's claim for damages and injunctive relief. On June 24, 1980, summary judgment was granted to CPC on all damage claims raised by the complaint on the basis that petitioner's 47-year delay in bringing this action constituted laches (JA 42). The court accordingly scheduled the matter for trial by the court, stating, "[t]here isn't anything left in the case but injunctive relief requested, and that is not appropriate for a jury."[3]

Following the summary judgment ruling, petitioner filed a motion for reconsideration on the basis that the court's ruling extended only to trademark damages and

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[2] Resp. App. A at 1a.

[3] Transcript of Proceedings, June 24, 1980, at 35-36, reprinted in Supplemental Appendix on Appeal at 35-36.

not to damages for unfair competition.[4] The motion for reconsideration was denied.

On August 13 and 14, 1980, the case was tried without a jury before the Honorable Oren R. Lewis. On the day before trial, petitioner filed its proposed findings of fact and conclusions of law in accordance with the Local Rules of Practice.[5] The trial court denied petitioner's claim for injunctive relief on the grounds that there was no infringement of petitioner's "Skippy" trademark by CPC's predecessor, and that petitioner's failure to protect its claimed exclusive right to "Skippy" for 47 years, together with the millions of dollars spent to advertise and promote SKIPPY peanut butter, constituted laches coupled with estoppel, sufficient to bar petitioner's claim for an injunction.[6] Further, the court ruled that the release executed by Skippy, Inc. in January, 1978 barred peti-

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[4] Nowhere in that motion or in its original opposition to the summary judgment motion did petitioner raise the claims first asserted on appeal that it was seeking damages for the period following the filing of the suit or advise the court that it intended to seek damages against CPC for fraudulent procurement of the release. The first time petitioner raised the issue of whether laches bars damages accruing after the filing of suit is in this Court; the first time that petitioner raised a claim for damages for fraudulent procurement of the release was before the court of appeals. *Skippy, Inc. v. CPC International, Inc.*, 674 F.2d 209, 214 (4th Cir. 1982).

[5] Resp. App. B at 15a. This voluminous, 168-paragraph submission contained no reference to any claim for damages for fraud in the procurement of the release, and contained no reference to any claim for damages for acts of infringement occurring after the filing of the complaint.

[6] Although not addressed by the court of appeals, these grounds provided an adequate basis for denial of injunctive relief without reaching the defense of release, the only issue on the basis of which petitioner alleges it was denied a jury trial.

tioner's claim for relief, stating "[t]heir [petitioner's] claim that the release was obtained by fraud or trickery lacks both evidentiary and legal support."[7]

As respondent had abandoned, prior to trial, the portion of the counterclaim seeking return of the $25,000 consideration for the release[8] and introduced no evidence on this claim at trial, the trial court denied recovery on this claim "for want of sufficient proof."[9]

C. The Decision Of The Court Of Appeals

On appeal, the court below affirmed the trial court's summary judgment ruling which dismissed all petitioner's damage claims on the basis of laches. Moreover, with the exception of the decision regarding the incontestability of CPC's right to use the mark SKIPPY, the court of appeals affirmed the "resolution of all issues by the district court."[10]

The court of appeals addressed petitioner's Seventh Amendment claims and found no error in the trial court's proceedings. Instead, the court of appeals found that the issues upon which petitioner now claims it was denied its right to jury trial were not presented at the trial court level and could not be raised for the first time on appeal. See n. 4, *supra*.

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[7] Pet. App. B at 21a-22a.

[8] The abandonment of respondent's claim is evidenced by the absence of any reference to the claim in respondent's proposed findings of fact and conclusions of law filed with the court on the day prior to trial. See Resp. App. C at 54a.

[9] Pet. App. B at 24a.

[10] *Skippy, Inc.* v. *CPC International, Inc.*, 674 F.2d 209, 216 (4th Cir. 1982).

The court of appeals did not address or rule upon the waiver of petitioner's right to a jury trial as asserted in the present petition.

REASONS FOR DENYING THE WRIT OF CERTIORARI

This is not a case which turned on the trial court's denial of petitioner's right to a jury, nor is it a waiver case. What this case does present is an attempt by petitioner to have appellate courts reverse the decision of the trial court on grounds not contemplated before or at trial. A jury was duly demanded, but thereafter all jury issues were dismissed by summary judgment prior to trial. The case was then tried without a jury, since all petitioner's remaining claims and defendant's affirmative defenses, as well as the allegations of fraud made by petitioner, were related to its claims for injunctive relief.

The claims for damages upon which petitioner now alleges it was entitled to a jury trial were not raised at the trial court, and therefore were properly dismissed by the court of appeals as untimely.

Thus, the bases upon which petitioner seeks a writ of *certiorari* in this Court are illusory, and do not warrant review by this Court for the following reasons: (1) the granting of summary judgment disposed of all jury-triable issues, and (2) the jury-triable claims later raised by petitioner were not before the trial court and were therefore untimely. It was on this basis, and not waiver, that the decision of the court of appeals rested.

Further, the facts and issues in this case are unique and unlikely to be encountered with any similarity in a subsequent case. The legal issues herein are integrally related to the facts presented and are accordingly of no general interest and no controlling importance.

I.

FOLLOWING THE GRANTING OF SUMMARY JUDGMENT TO CPC, THERE REMAINED NO ISSUES IN THIS MATTER UPON WHICH PETITIONER WAS ENTITLED TO TRIAL BY JURY

A. Where There Are No Issues Of Fact In Dispute, The Defense Of Laches Is An Appropriate Subject For Summary Judgment

Prior to trial, the court granted partial summary judgment, dismissing petitioner's claims for damages on the basis of laches, leaving only equitable claims for relief to be resolved at trial. Although petitioner argued in the court of appeals that Judge Bryan's granting of summary judgment on the basis of laches was error, the court of appeals disagreed, affirming the ruling. Petitioner does not assign the granting of partial summary judgment as a basis for granting *certiorari*, but rather argues that the trial court was in error in finding as a matter of law that the undisputed evidence of petitioner's unexcused 47-year delay in bringing this claim constituted laches so as to bar petitioner's right to damages.

Laches, like any affirmative defense where the underlying facts are undisputed, is an appropriate matter for decision by summary judgment under Rule 56 of the Federal Rules of Civil Procedure.[11] Moreover, the granting of summary judgment where the facts are uncontested does not infringe petitioner's Seventh Amendment right to a jury trial. *Port of Palm Beach District* v. *Goethals*, 104 F.2d 706, 709 (5th Cir. 1939). The evidence was undisputed that petitioner knew of the use of SKIP-

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[11] *Brensinger* v. *Margaret Ann Super Markets, Inc.*, 192 F.2d 458 (5th Cir. 1951); *Dam* v. *General Electric Company*, 265 F.2d 612 (9th Cir. 1958).

PY for peanut butter for 47 years before it sought to enforce its rights. Therefore, a finding of laches as a matter of law was appropriate and did not require jury resolution.[12]

B. Fraud, When Used In Avoidance Of An Affirmative Defense To An Equitable Claim, Is Properly A Question For The Court And Does Not Entitle Petitioner To A Trial By Jury

Petitioner further asserts that, since fraud was an issue in this case, it was entitled to a jury trial. However, a claim of fraud is in itself neither legal nor equitable. Where, as here, the fraud issue relates solely to claims for injunctive relief, which are equitable in nature, no right to a jury trial attaches.[13] At trial, fraud was asserted by petitioner as a bar to respondent's defense of release. This use of fraud, in the context of an injunction claim, created no jury trial right.[14]

C. The Claim For Damages For Fraud In The Procurement Of The Release Was Not Presented To The Trial Court

Petitioner alleges that it was denied its right to a jury trial on its claim for damages for fraud in the procurement

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[12] As this Court stated in *Costello* v. *United States*, 365 U.S. 265, 282 (1961), quoting *Brown* v. *County of Buena Vista*, 95 U.S. 157, 161 (1877), "[t]he law of laches, like the principle of the limitation of actions, was dictated by experience, and is founded in a salutary policy. The lapse of time carries with it the memory and life of witnesses, the muniments of evidence, and other means of proof."

[13] *Plechner* v. *Widener College, Inc.*, 569 F.2d 1250 (3d Cir. 1977); *New Hampshire Fire Insurance Company* v. *Perkins*, 28 F.R.D. 588 (D.Del. 1961); 9 Wright & Miller, *Federal Practice and Procedure:* Civil § 2311 at 52 (1971); 5 *Moore's Federal Practice* § 38.20 (2 ed. 1982).

[14] *Id.*

of the release. The court of appeals disagreed on the grounds that petitioner had failed to raise any claim for damages for fraudulent procurement of the release in the trial court, nor was such a claim to be found in petitioner's complaint.[15]

A review of (1) the complaint,[16] (2) petitioner's opposition to CPC's first motion for summary judgment, (3) petitioner's motion for reconsideration filed after the granting of partial summary judgment, and (4) petitioner's proposed findings of fact and conclusions of law filed on the day before trial,[17] clearly supports the court of appeals' ruling that this claim was not contemplated by petitioner during the proceedings in the district court.

The court of appeals relied on the universally accepted doctrine that in the absence of exceptional circumstances, questions not raised and properly preserved in the trial forum will not be noticed on appeal. *Malbon* v. *Pennsylvania Millers Mutual Insurance Company*, 636 F.2d 936, 941 (4th Cir. 1980).[18] As this Court stated in *Hormel* v. *Helvering*, 312 U.S. 552, 556 (1941), this is

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[15] Petitioner also alleges that it was denied its right to a jury trial on its claim for damages for infringement occurring after the filing of the complaint. This claim is raised for the first time in this Court. Like petitioner's claim for fraud in the procurement of the release, this claim must also be disregarded as it was not raised and properly preserved in the trial court. See n. 4, 5, *supra*.

[16] Resp. App. A at 1a.

[17] Resp. App. B at 15a.

[18] *See also Singleton* v. *Wulff*, 428 U.S. 106 (1976). The various circuits have adopted the rule set forth above. *See, International Travelers Cheque Co.* v. *BankAmerica Corporation*, 660 F.2d 215 (7th Cir. 1981); *United States* v. *One 1971 Mercedes Benz*, 542 F.2d 912 (4th Cir. 1976); *Commercial Iron & Metal Company* v. *Bache Halsey Stuart, Inc.*, 581 F.2d 246 (10th Cir. 1978); *Desert Palace, Inc.* v. *Salisbury*, 401 F.2d 320 (7th Cir. 1968).

> . . . essential in order that parties may have the opportunity to offer all the evidence they believe relevant to the issues . . . [and] in order that litigants may not be surprised on appeal by final decision there of issues upon which they have had no opportunity to introduce evidence.

Clearly, this rule is applicable where not only an issue, but rather an entire cause of action was not raised in any manner by either the pleadings or the evidence, at either the trial or appellate level. The court of appeals having found no exceptional circumstances in this case to depart from the rule, petitioner was not denied its right to a jury trial on untimely claims. It is inappropriate for the petitioner to now assert that this Court should grant *certiorari* and reverse the decisions of the district court and the court of appeals on the basis of claims which were not raised or contemplated by the petitioner during the proceedings below.

D. CPC's Counterclaim Is Not A Basis For Granting A Writ Of Certiorari.

Petitioner makes a final attempt to convince this Court that it was denied its right to a jury trial by raising the issue of CPC's counterclaim which included a demand for return of the $25,000 paid to Skippy, Inc. in consideration for the release. However, this demand was abandoned at the outset of trial and no evidence was introduced at trial in support of this claim nor was any argument made thereon.[19]

Even if the counterclaim as a whole remained in the case, the absence of any evidence in support of this aspect of CPC's counterclaim would have required the trial

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[19] Resp. App. C at 54a; See n. 8, *supra*.

court, were a jury impaneled on this issue, to direct a verdict against CPC at the close of the case. Thus, it would not have been reversible error to try this issue without a jury. As the Sixth Circuit recognized:

> The prevailing, and we think the more logical view, is that denial of a jury trial is not reversible error if the court could have directed a verdict, and there was no evidence to go to the jury.

Monroe Auto Equipment Company v. *Heckethorn Mfg. & Supply Company*, 332 F.2d 406, 412 (6th Cir.) *cert. denied* 379 U.S. 888 (1964).[20] The mere existence of this counterclaim, decided ultimately in favor of the petitioner and not appealed by CPC,[21] is not a basis for the granting of *certiorari* or for reversal of the decisions of the trial and appellate courts.

II.

THE DECISION BELOW DOES NOT ADDRESS THE ISSUE OF WAIVER OF THE RIGHT TO A JURY TRIAL AND THEREFORE DOES NOT CONFLICT WITH DECISIONS OF OTHER COURTS OF APPEALS ON THE WAIVER ISSUE

Petitioner alleges the court of appeals' decision is in conflict with other circuits on the issue of waiver of the

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[20] *See United States* v. *Williams*, 441 F.2d 637, 644 (5th Cir. 1971) (this court does not demand jury consideration of an issue which is determinable by directed verdict); *United States* v. *243.22 Acres of Land*, 129 F.2d 678, 684 (2d Cir.) *cert. denied* 317 U.S. 698 (1942) (no constitutional right to have twelve men sit idle and functionless in a jury-box).

[21] The counterclaim was decided adversely to CPC. That decision was not appealed and is now *res judicata*. Thus, if this Court granted *certiorari* and reversed and remanded, there could be no new trial on this counterclaim.

right to jury trial. Whatever the conflict among the circuits on the question of waiver, it has no bearing on this case. The court of appeals did not address or decide that petitioner had "waived" its right to a jury trial. Rather, as stated previously, in affirming the ruling of the trial court, the court of appeals ruled that no issues remained at trial entitling petitioner to a trial by jury. Further, with respect to those claims raised for the first time on appeal, the court of appeals ruled that claims not made and preserved in the trial court could not be the basis for a new trial.

Accordingly, petitioner's discussion of the rulings in the various circuits on the issue of waiver of jury trial is irrelevant. The court of appeals' decision neither agrees nor conflicts with other circuits' rulings on the issue of waiver of right to jury trial. In its opinion, the court of appeals did not address the actions or inaction upon which a party could be deemed to have "waived" his right to a trial by jury. Petitioner's attempt to create a facially "certworthy" issue by manufacturing a conflict in this case must fail. In short, all jury-triable issues presented in the complaint were dismissed by summary judgment. All other jury entitlement claims raised by petitioner on appeal must fail because they were not before the trial court and therefore are untimely in their assertion.

CONCLUSION

The rulings of the district court and the court of appeals are firmly grounded upon sound application of the law to the facts and issues introduced in evidence. The claims of petitioner and the defenses of respondent were given careful scrutiny by both courts below. These rulings do not require review or reversal by this Court. The opinion of the court of appeals does not raise matters which are of such controlling importance or are conflicting with the rulings in other circuits so as to warrant a writ of *certiorari* by this Court. For the foregoing reasons, the Petition for a Writ of *Certiorari* should be denied.

Respectfully submitted,

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APPENDIX

APPENDIX A

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

Civil Action No. 80-250-A

SKIPPY, INC.
A Delaware corporation
11900 St. Johnsbury Court
Reston, Virginia 22091

Plaintiff.

v.

CPC INTERNATIONAL, INC.
A Delaware corporation
International Plaza
Englewood Cliffs, NJ 07632

Defendant.

COMPLAINT FOR TRADEMARK INFRINGEMENT, UNFAIR COMPETITION, CANCELLATION OF FEDERAL TRADEMARKS AND INJUNCTIVE RELIEF

Plaintiff, by its attorneys, brings this civil action against the above-named defendant and complains and alleges as follows:

I. DESCRIPTION OF THE PARTIES AND STATEMENT AS TO JURISDICTION AND VENUE

1. This is an action for federal and common law trademark infringement and unfair competition, arising under the common law of the Commonwealth of Virginia and the Federal Trademark Act of 1946, 15 U.S.C. § 1051 *et seq.* This action seeks damages and a permanent injunction.

2. This court has jurisdiction of the subject matter and of the parties under 15 USC Section 1121, and 28 USC Section 1338(a) and (b). Venue lies under 28 USC Section 1391(b) and (c).

3. Plaintiff, Skippy, Inc. is a Delaware corporation having its principal place of business at 11900 St. Johnsbury Court, Reston, Virginia 22091.

4. Defendant, CPC International, Inc. (hereinafter "CPC") is a Delaware corporation having its principal place of business at International Plaza, Englewood Cliffs, New Jersey 07632. Defendant is registered to do business in the Commonwealth of Virginia, and has a place of business within this judicial district.

II. STATEMENT OF THE CLAIM

5. On or about March 15, 1923, Percy L. Crosby first used the name SKIPPY as a trademark for newspaper cartoons and comic strips based primarily upon the activities of a male child name "Skippy" who was created by Mr. Crosby.

6. On September 8, 1925, Mr. Crosby obtained federal trademark Registration No. 202,913 in his name for the mark SKIPPY for the title of cartoons depicting a humorous juvenile character.

7. Within a few years of its creation, the SKIPPY cartoon strip was syndicated to over 100 daily and Sunday newspapers throughout the United States and later in several foreign languages in countries around the world.

8. Due to the success of the SKIPPY cartoon strip, numerous companies in the late 1920's took out licenses with Mr. Crosby for the use of the SKIPPY name and trademark on various products including ice cream, candy, pens and pencils, children's clothing, marionettes and dolls.

9. Moreover, numerous companies licensed the SKIPPY name for use in connection with advertising or promoting their products, including peanuts and other food products.

10. In addition to his SKIPPY comic strip, Mr. Crosby wrote several novels and books about SKIPPY, portions of which were serialized in Life magazine and Ladies Home Journal and subsequently published by G. P. Putnam's Sons and

other major publishers in the late 1920's and early 1930's. Some of the novels and books were "Skippy"; "Skippy and Other Humor"; "Skippy Rambles" and "The Story of Skippy."

11. In 1931, General Mills for its breakfast cerial Wheaties, sponsored radio programs entitled SKIPPY based upon the SKIPPY comic strip. As a result of the success of the SKIPPY radio programand the good will associated with Mr. Crosby's SKIPPY comic strip, by 1932 Wheaties had become a leading brand of cereal.

12. Similarly, in 1931 Paramount Pictures, pursuant to a license from Mr. Crosby, produced and released a motion picture entitled SKIPPY based upon Mr. Crosby's SKIPPY novel and comic strip. The motion picture was a nationwide box office success and the role of SKIPPY played by Jackie Cooper established him as a child star. The director of the picture, Norman Taurog won an Academy Award and Jackie Cooper was nominated for Best Actor.

13. By 1932, the name SKIPPY had become associated in the public's mind with Mr. Crosby's SKIPPY comic strip and anyone who used the name SKIPPY for or in connection with his products acqui d and benefited from the good will generated by Mr. Crosby's creation.

14. On or about May 11, 1932 Mr. Crosby's attorneys, the New York law firm of Lord, Day and Lord, incorporated plaintiff in the state of Delaware. Mr. Crosby assigned his SKIPPY trademark and copyrights in the SKIPPY literary works to plaintiff in exchange for common stock.

15. On information and belief, an individual by the name of Joseph L. Rosefield, trading under the name of Rosefield Packing Company, began manufacturing and selling peanut butter in the San Francisco, California area in approximately 1918. On or about September 23, 1924 Joseph L. Rosefield received a patent from the U.S. Patent Office which, among other things, referred to a process of hydrogenating the oil in the manufacture of peanut butter.

16. On information and belief, in approximately 1924, Joseph Rosefield entered into a license agreement with respect to the patent for hydrogenating the oil in the manufacture of peanut butter with E.K. Pond Co., of Chicago, Illinois. On or about March 1, 1927, E.K. Pond Co. commenced sale of peanut butter manufactured under Joseph Rosefield's patented hydrogenation process under the trademark PETER PAN. At the same time, Rosefield's successor-in-interest, Rosefield Packing Company, Ltd. (hereinafter "Rosefield"), was given the exclusive right to distribute PETER PAN peanut butter in a number of Western states of the United States. Rosefield also received royalties from the sale of PETER PAN peanut butter by E.K. Pond Co. By the end of 1932, PETER PAN peanut butter was the top selling brand of peanut butter in the United States.

17. On information and belief, in 1932 the agreement between Rosefield and E.K. Pond Co. was cancelled over a royalty dispute. As a result, E.K. Pond Co. began manufacturing and selling PETER PAN peanut butter under another process, no longer using the Rosefield patented process. Rosefield thereafter had no right to sell any peanut butter under the PETER PAN trademark.

18. On information and belief, following the termination of the PETER PAN license, Rosefield set out to create a trademark for peanut butter manufactured with its patented process to compete with PETER PAN peanut butter.

19. On information and belief, Rosefield selected the name SKIPPY for its peanut butter to compete with PETER PAN. At that time the name SKIPPY was associated with and had acquired a secondary meaning in connection with the name and character in Percy Crosby's comic strip entitled SKIPPY. Indeed, SKIPPY had become by 1933 a child's folk hero, not unlike PETER PAN.

20. On information and belief, Marvin Rosefield, the son of Joseph L. Rosefield, and an employee of Rosefield suggested the name and contents of the first label used by Rosefield for SKIPPY peanut butter.

21. On or about February 1, 1933, Rosefield began using the name SKIPPY on peanut butter. Rosefield's use was without authorization or permission from plaintiff, and Rosefield's trademark SKIPPY was adopted to trade on the good will associated with plaintiff's SKIPPY comic strip and character created by Mr. Crosby.

22. On June 19, 1933 Rosefield filed a trademark application in the United States Patent Office to register SKIPPY for peanut butter.

23. On September 6, 1933 plaintiff filed an opposition against Rosefield's SKIPPY application in the U.S. Patent Office, Opposition No. 13,134.

24. On January 9, 1934, the United States Patent Office sustained plaintiff's opposition to Rosefield's SKIPPY application, and Rosefield was accordingly denied the right to have a federal trademark for the name SKIPPY for peanut butter.

25. In spite of its unsuccessful attempt to obtain a federal trademark for the name SKIPPY for peanut butter, Rosefield continued to use plaintiff's SKIPPY trademark in connection with the manufacture and sale of peanut butter.

26. In the ten years from 1928 to 1937 Mr. Crosby turned out in excess of 3,500 episodes of the SKIPPY cartoon strip, ten books, and numerous pamphlets and essays. SKIPPY was one of the most popular exhibits at Chicago's World Fair in 1933 and 1934, and many children and their dogs became his namesake. Mr. Crosby became an internationally known artist and celebrity, and companies licensed the use of the SKIPPY trademark from plaintiff for their products. Nevertheless, Rosefield continued to trade off the name and good will of SKIPPY and its creator by using plaintiff's trademark SKIPPY on peanut butter without any license or other authorization from plaintiff.

27. On July 23, 1947 Rosefield filed a second application in the U.S. Patent Office to register SKIPPY for peanut butter. This application failed to make any reference to plaintiff's

earlier successful opposition. The affidavit and application were signed by Joseph L. Rosefield, who was President of Rose field at the time when its earlier application was successfully opposed by plaintiff.

28. On December 21, 1948 Rosefield was issued federal Registration No. 504,940 for the trademark SKIPPY for peanut butter. Had the examiner in the U.S. Patent Office been advised of plaintiff's earlier successful opposition, this registration would not have been issued to Rosefield.

29. In early 1949 Mr. Crosby was committed to Kings Park Hospital on Long Island, New York, and a court order was entered appointing a committee for him on the alleged grounds of incompetency. During Mr. Crosby's confinement at Kings Park Hospital for the next fifteen years, Mr. Crosby drew SKIPPY comic strips to be published upon his release and plaintiff during this time continued to exploit the SKIPPY comic strip series including the hiring of artists, licensing of television rights and republishing of earlier episodes in the SKIPPY comic strip.

30. On or about January 3, 1955 Rosefield assigned its federal trademark Registration No. 504,940 for SKIPPY to Best Foods Co., Inc., a New Jersey corporation.

31. On or about November 30, 1958 Best Foods, Inc. merged with Corn Products Refining Co. to form Corn Products Co., a New Jersey corporation.

32. On or about May 13, 1959 Corn Products Co., a New Jersey corporation merged to form Corn Products Co., a Delaware corporation. On or about April 23, 1969 Corn Products Co. changed its name to CPC International, Inc., the defendant herein.

33. On December 8, 1964 Percy L. Crosby died at Kings Park Hospital. Following his death, his daughter Joan Crosby Tibbetts was appointed administratrix of Mr. Crosby's estate. At that time, she sought the legal services of her father's former attorneys, the New York firm of Lord, Day and Lord,

who declined to provide legal service to plaintiff or the Crosby estate because of a potential conflict of interest with its then client Corn Products Co. Unbeknownst to Mrs. Tibbetts, Lord, Day and Lord had plaintiff's historical corporate files and records reflecting the organization of plaintiff and the origins, use and enforcement of its SKIPPY trademark.

34. Without the aid of plaintiff's corporate files and records in the possession of Lord, Day and Lord, Mrs. Tibbetts, as administratrix of Mr. Crosby's estate and subsequently as President of plaintiff, had extreme difficulty in piecing together the history of and rights in the trademarks and copyrights owned by plaintiff, and the rights, if any, defendant and its predecessors-in-interest, had to use plaintiff's trademark SKIPPY. In spite of these difficulties, plaintiff continuously exploited and licensed the SKIPPY trademark, and has done so to the present time, as the SKIPPY trademark is currently being used not only in connection with republishing and the famous comic strip, but also on other merchandise items such as dolls, pens, and pencils. Recently King Features Syndicate, Inc. has been granted a license to republish the SKIPPY comic strip and license the SKIPPY name. Additionally, the 193' motion picuture entitled SKIPPY continues to be expploited on television under license from plaintiff.

35. While still piecing plaintiff's corporate history together, Mrs. Tibbetts in April, 1976 renewed her request to Lord, Day and Lord for delivery of all of plaintiff's files in their possession. She renewed this request in October 1976 upon discovering that plaintiff had successfully opposed Rosefield's federal trademark application for SKIPPY peanut butter in 1934.

36. In early 1977 Mrs. Tibbetts on behalf of plaintiff advised defendant that she had learned about plaintiff's earlier successful opposition against Rosefield, which defendant acknowledged. Thereafter, defendant began negotiating with plaintiff for a right to use plaintiff's SKIPPY property. During these negotiations, plaintiff repeatedly requested access to its

files and records in the possession, custody or control of Lord, Day and Lord, then attorneys for defendant.

37. Defendant advised plaintiff throughout 1977 that it would enter into an "Option" agreement with plaintiff for use of plaintiff's SKIPPY for food products only if the marketing department of defendant determined that an option to use the SKIPPY material was of value to it. Subsequently, defendant offered $25,000 for an option to license the SKIPPY property owned by plaintiff and represented that in addition to the money, it intended to conduct marketing programs as soon as the agreement was executed. However, when the "Option" agreement to use plaintiff's SKIPPY property was offered, it contained a release by plaintiff of all claims it had against defendant.

38. Plaintiff again requested Lord, Day and Lord for its corporate records in their possession. On October 7, 1977, Lord, Day and Lord, after consulting with its client, defendant CPC, advised plaintiff that it would not release plaintiff's files and records to plaintiff until after defendant notified them that an agreement was executed between plaintiff and defendant concerning defendant's use of plaintiff's SKIPPY property.

39. Plaintiff executed this "Option" agreement on January 3, 1978 and then requested that Lord, Day and Lord turn over its files and records inview of the fact that an agreement had been entered with defendant CPC. CPC subsequently gave its approval to Lord, Day and Lord and as a result, Lord Day & Lord delivered some of plaintiff's files to plaintiff that it had in its possession, retaining still others. Defendant never did conduct any marketing programs to utilize plaintiff's property.

40. Upon receipt of these files and records from Lord, Day and Lord, in May, 1973 Mrs. Tibbetts as President of plaintiff learned for the first time of the extensive trademark activity of plaintiff and Mr. Crosby in the period of the 1920s, 1930s and 1940s, the extensive policing activities conducted against infringers of the SKIPPY trademark, and most importantly the fact that Rosefield and its successors including defendant nev-

er obtained a license from plaintiff for use of the SKIPPY name on peanut butter. Had plaintiff had access to or been in possession of these files, it would not have signed the "Option" agreement with defendant CPC.

41. On June 29, 1978, plaintiff filed an application to register the SKIPPY trademark for publications, namely, a cartoon comoic strip in the U.S. Patent and Trademark Office. On January 22, 1980 the U.S. Patent and Trademarkk Office issued certificate of trademark Reg. No. 1,129,551 to plaintiff for the SKIPPY trademark.

III. COUNT ONE—FEDERAL TRADEMARK INFRINGEMENT

42. Plaintiff hereby alleges, as fully set forth herein, paragraphs one through forty-one above.

43. Defendant and its predecessors in interest have infringed plaintiff's trademark rights in its mark SKIPPY Reg. No. 1,129,551, by various acts, including introducing, offering to sell, selling and continuing to sell peanut butter under the trademark SKIPPY.

44. Such prominent use of plaintiff's mark SKIPPY by the defendant on its peanut butter is likely to cause confusion, mistake, and deception, in that purchasers and prospective purchasers are likely to believe that the products sold by defendant are manufactured by, approved by, sold by, sponsored by or otherwise related to plaintiff, the owner and registrant of the mark SKIPPY. The use by defendant of the SKIPPY designation on its peanut butter is without the permission or authority or plaintiff and said use by defendant is likely to cause confusion, to cause mistake, and to deceive within the meaning of the Trademark Act of 1946, 15 USC Section 1051 *et seq.*

45. Prior to adoption and use by defendant's predecessor of the designation SKIPPY for peanut butter, it had actual knowledge of plaintiff's ownership, but nonetheless adopted plaintiff's mark in bad faith. Even after losing the opposition

proceeding to plaintiff in the U.S. Patent Office in 1934, defendant's predecessor, in complete derogation and disregard of plaintiff's rights, continued to use the SKIPPY trademark for peanut butter, at it its own peril. In spite of demands from plaintiff, defendant and its predecessors have refused to cease their unlawful conduct. Defendant's actions have caused and will continue to cause plaintiff damage to its business, reputation and good will and dilution of the distincitive quality of plaintiff's SKIPPY mark, all to plaintiff's irreparable damage.

46. Defendant through its predecessors has also violated the Federal Trademark Act and has committed fraud on the U.S. Patent and Trademark Office by asserting, in the application filed in 1948, that no other person had the right to use the SKIPPY trademark for food products, when it knew full well that plaintiff had such right, and had in fact had its rights vindicated by the U.S. Patent Office in the 1934 opposition.

47. Moreover, defendant through its predecessor has also violated the Federal Trademark Act and has committed further fraud on the U.S. Patent Office by asserting, in the Section 8 and 15 Affidavit filed on June 10, 1054 that there had been no final decision adverse to its claim of ownership of the mark, or to its right to register the same, when it knew full well that there had been a final opposition proceeding decision adverse to its claim of ownership and right to register its mark in 1934.

48. Such willful false statements made by defendant's predecessor, set forth in paragraphs 46 and 47 herein, coupled with its inaction in failing to advise the U.S. Patent Office of the earlier successful opposition, constituted fraud on the Patent Office. The federal registration and incontestability rights thus acquired by defendant's predecessor and now owned by defendant causes further damage to plaintiff in that it tends to create and maintain statutory rights in the name of defendant, in violation of the clear and established rights of the plaintiff in the SKIPPY trademark.

IV. COUNT TWO—COMMON LAW TRADEMARK INFRINGEMENT AND UNFAIR COMPETITION

49. Plaintiff hereby realleges, as fully set forth herein, paragraphs one through forty-eight above. This count is a claim of common law trademark infringement and unfair competition which is joined with the foregoing substantial related claim under the Trademark Act of 1946 contained in Count 1.

50. In addition to the trademark SKIPPY covered by the U.S. Trademark Reg. No. 1,129,551 for a comic strip, the mark SKIPPY is used by plaintiff in connection with other products and services, including dolls, pens and pencils, and motion pictures. By vitrue of these activities in interstate commerce and within the Commonwealth of Virginia, plaintiff's mark SKIPPY has become well and favorably known to the purchasing public as an indication of products and services emanating from a single source, the plaintiff.

51. The acts of defendant described above constitute common law trademark infringement of plaintiff's rights in the SKIPPY mark and unfair competition with plaintiff under the common law, in that the use by defendant of plaintiff's mark as alleged herein deceives the public into believing that the products sold by defendant are approved by, sponsored by, or affilated with the source of the SKIPPY products and services of plaintiff.

52. By the acts of defendant specified, plaintiff has suffered and will continue to suffer damage to its business, reputation and good will, and further said acts dilute the distinctive quality and strength of plaintiff's mark all to plaintiff's irreparable damage.

V. COUNT THREE—FEDERAL UNFAIR COMPETITION

53. As a complete and independent ground of relief, plaintiff alleges unfair competition under the Trademark Act of 1946, 15 USC Section 1125(a), and reaffirms and incorporates by reference paragraphs one through fifty-two.

54. The aforesaid use of the designation SKIPPY by defendant and its predecessor in interstate commerce in connection with peanut butter constitutes a false designation of origin and a false description and representation, all to the damage of plaintiff's business, reputation and good will, and further, defendant's acts dilute the distinctive quality and strength of plaintiff's SKIPPY mark, all to plaintiff's irreparable damage.

VI. PRAYERS FOR RELIEF

WHEREFORE, plaintiff prays for:

1. Judgment against defendant for the amount of damages suffered by plaintiff, the exact amount to be proved at trial;

2. That a permanent injunction be issued against defendant, its officers, agents, servants, employees, and all persons acting in concert or participation with it, enjoining them from using the designation SKIPPY;

3. For an order, pursuant to 15 USC 1119, directing the Commissioner of Patents and Trademarks to cancel all federal trademark registrations owned by defendant and/or acquired by defendant which include the name SKIPPY;

4. For judgment against defendant for full costs, interest and reasonable attorneys fees.

Respectfully submitted,

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VERIFICATION

DISTRICT OF COLUMBIA)
) ss
CITY OF WASHINGTON)

I, Joan Crosby Tibbetts, being duly sworn, depose and state that I am President of Skippy, Inc., that I am duly authorized to verify the foregoing complaint, and that the facts and allegations set out in the complaint are true to the best of my knowledge and belief.

/s/ JOAN CROSBY TIBBETTS
Joan Crosby Tibbetts

Subscribed and sworn to before me this 12th day of March, 1980.

_____

Notary Public

(SEAL) My Commission expires _____

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

Civil Action No. 80-250A

SKIPPY, INC.
A Delaware corporation
11900 St. Johnsbury Court
Reston, Virginia 22091

Plaintiff.

v.

CPC INTERNATIONAL, INC.
A Delaware corporation
International Plaza
Englewood Cliffs, NJ 07632

Defendant.

JURY DEMAND

In the above case, plaintiff requests trial by jury.

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APPENDIX B

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

Civil Action No. 80-250-A

SKIPPY, INC.

Plaintiff

v.

CPC INTERNATIONAL, INC.

Defendant

PLAINTIFF'S PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW

I. Findings Of Fact

A. Prior Action

1. This is an action for federal and common law trademark infringement and unfair competition, arising under the common law of the Commonwealth of Virginia and the Federal Trademark Act of 1946, 15 USC Section 1051 *et seq*. Essentially, plaintiff, the prior owner of the trademark and trade name SKIPPY, applied to the famous comic strip and subsequently used on a wide variety of other goods and services, seeks to enjoin use of the name SKIPPY by defendant on peanut butter.

2. Suit was commenced on March 14, 1980. The complaint alleged federal trademark infringement, common law trademark infringement and unfair competition, and federal unfair competition. On April 18, 1980, an answer and counterclaim for breach of contract and declaratory judgment were filed.

3. On June 24, 1980, the parties appeared before this court and presented oral argument on plaintiff's Motion for Summary Judgment based on its affirmative defenses of laches

and estoppel. On that date, the court denied defendant's motion. The court also struck plaintiff's monetary damage claims.

4. On July 18, 1980, the parties again appeared before this court and presented oral argument on defendant's Motion for Summary Judgement on the basis of the affirmative defenses of release, abandonment and incontestability. On the same day the court denied this motion also.

B. The Parties

5. Plaintiff, Skippy, Inc., is a Delaware corporation having its principal place of business at 11900 St. Johnsbury Court, Reston, Virginia 22091.

6. Defendant, CPC International, Inc. (hereinafter "CPC") is a Delaware corporation having its principal place of business at International Plaza, Englewood Cliffs, New Jersey 07632. Defendant is registered to do business in the Commonwealth of Virginia, and has a place of business within this judicial district.

C. Chronology Of Plaintiff's SKIPPY Trademark And Trade Name 1923-1945

7. On or about March 15, 1923, Percy L. Crosby (hereinafter "Crosby") used the name SKIPPY as a trademark for newspaper cartoons and comic strips based primarily upon the activities of a male child named "Skippy" who was created by Crosby.

8. In addition to the name and "Skippy's" quaint costume all his own—an indescribable checked hat, huge white collar, flowing tie and dragging socks—Crosby used other symbols which became associated with the SKIPPY comic strip. Most famous was the "ever-present" white slat fence which for over twenty years was used by Crosby. Moreover, Crosby used the White slat fence as a background for messages written by "Skippy," who would be shown in the comic strip carrying a bucket and brush.

9. On September 8, 1925, Crosby obtained federal trademark Registration No. 202,913 in his name for the mark SKIPPY for the title of cartoons depicting a humorous juvenile character.

10. Within a few years of its creation, the SKIPPY cartoon strip was syndicated to over 100 daily and Sunday newspapers throughout the United States and later in several foreign languages in countries around the world. Crosby's SKIPPY was one of the most popular and well-known comic strips and characters in the 1920s, 1930s and 1940s. From 1927 to 1945, the strip was syndicated under contracts with King Features Syndicate.

11. Due to the success and popularity of the SKIPPY cartoon strip, numerous companies in the late 1920s took out licenses with Crosby for the use of the SKIPPY name and trademark on various products including ice cream, candy, pens and pencils, children's clothing, marionettes and dolls.

12. Moreover, numerous companies licensed the SKIPPY name for use in connection with advertising or promoting their products, including peanuts and other food products.

13. In addition to his SKIPPY comic strip, Crosby wrote several novels and books about SKIPPY, portions of which were serialized in Life Magazine and Ladies Home Journal and subsequently published by G. P. Putnam's Sons and other major publishers in the late 1920s and early 1930s. Some of the novels and books were "Skippy"; and "Skippy and Other Humor"; "Skippy Rambles" and "The Story of Skippy."

14. In 1931, General Mills for its breakfast cereal Wheaties, sponsored radio programs entitled SKIPPY based upon the SKIPPY comic strip. As a result of the success of the SKIPPY radio program and the good will associated with Crosby's SKIPPY comic strip, by 1932 Wheaties had become a national brand of cereal.

15. Similarly, in 1931 Paramount Pictures pursuant to a license from Crosby, produced and released a motion picture

entitled SKIPPY based on Crosby's SKIPPY novel and comic strip. The motion picture was a nationwide box office success and the role of SKIPPY played by Jackie Cooper established him as a child star. The director of the picture, Norman Taurog, won an Academy Award, and Jackie Cooper was nominated for Best Actor.

16. On or about May 11, 1932, Crosby's attorneys, the New York law firm of Lord, Day and Lord, incorporated plaintiff in the state of Delaware. Crosby assigned his SKIPPY trademark and copyrights in the SKIPPY literary works to plaintiff in exchange for common stock.

17. In the eighteen years from 1928 to 1945, Crosby turned out in excess of 6,000 episodes of the SKIPPY cartoon strip, ten books, and numerous pamphlets and essays. The strip reached over forty million Americans through the newspapers, the radio program and the SKIPPY movie. Crosby became an internationally known cartoonist and hundreds of companies licensed the use of the SKIPPY trademark for their products, all of which resulted in the name SKIPPY becoming associated by the public with plaintiff for a wide variety of goods and services.

II. 1945-1949

18. Through the first eleven months of 1945, continuing until December 8, 1945, the SKIPPY comic strip appeared in daily and Sunday papers around the country, syndicated by King Features Syndicate. On December 8, 1945, the syndication contract with King Features Syndicate terminated, although King Features maintained certain rights to allow reprints of the strips.

19. Plaintiff continued to receive periodic royalties from King Features Syndicate throughout the period 1945-1949 on the basis of reprint and other rights.

20. During this period, the corporation made annual filings and was in good standing with the State of Delaware.

21. During this period, Crosby worked on a sequel to the SKIPPY novel. Forty-five chapters had been completed by 1947.

22. In 1947, plaintiff retained the Al Dvorin Ad Agency of Chicago to promote and license the SKIPPY property. The Al Dvorin Ad Agency worked on developing radio scripts, cartoon projects for the Saturday Evening Post and other matters.

23. In 1946, the New York publisher, Grosset and Dunlap, Inc. negotiated with plaintiff with respect to a third reprint of the SKIPPY novel.

24. (a) In 1946, Metro-Goldwyn-Mayer Studios negotiated with plaintiff for a remake of the SKIPPY novel in motion picture form.

24. (b) In 1947, in his book "The Comics," Carlton Waugh referred to SKIPPY as one of the top and most popular strips.

25. On December 2, 1949, George Borgfeldt and Co. assigned to Crosby U.S. Trademark Reg. No. 296,463 of the mark SKIPPY as applied to toy figures.

III. 1949-1959

26. In early 1949, Crosby was committed to Kings Park Hospital, Long Island, New York, where he remained until his death on December 8, 1964. In 1949, a court order was entered appointing a committee for him on alleged grounds of incompetency. During the period 1949-1959, Crosby's wife, Carolyn, directed the business of plaintiff, until her death in 1959.

27. Both prior to and during his commitment at Kings Park Hospital, Crosby drew SKIPPY comic strips to be published upon his release. Also during this entire period, Carolyn Crosby made repeated contacts and visits to King Features Syndicate to explore avenues of exploiting the SKIPPY property.

28. In late 1949 or early 1950, Rube Goldberg, the famous cartoonist, visited Crosby at Kings Park Hospital, and subsequently wrote a letter to Crosby in which he expressed his pleasure that Crosby intended to resume publication of the strip upon his release from the hospital.

29. Throughout this period, annual filings for the corporation were made with the Secretary of State of Delaware.

30. In 1951 and 1952, the corporation negotiated and concluded a real estate transaction involving property in the Commonwealth of Virginia. The firm of Lord, Day and Lord served as attorneys for plaintiff.

31. During this period, commencing in 1952, the corporation maintained an account with Irving Trust Company in New York.

32. On May 3, 1953, the SKIPPY name and character were used on the Horn & Hardart television show.

33. Commencing in 1953, the corporation began investigating the possibility of another SKIPPY movie.

34. In 1954 and 1955 the corporation considered and investigated prospective purchasers of the SKIPPY comic strip, their agents, etc. and explored the possibility of a SKIPPY movie, radio program, television program and other possible sources. During this period, several artists submitted drawings of SKIPPY to King Features Syndicate. Samples of artists' materials were submitted to the various agents and syndicates.

35. In 1955, plaintiff made a decision to set up a subsidiary corporation to exploit rights in the SKIPPY property on television and in merchandising. Such subsidiary corporation was established in 1956 under the name Skippy Enterprises, Inc., and plaintiff approved of the transfer of television and commercial rights to the new corporation, plaintiff retaining all other rights.

36. On October 24, 1956, Skippy Enterprises, Inc., with the permission and approval of plaintiff, entered into a contract with Jackie Cooper, who had starred in the original SKIPPY movie in 1931, to develop a television pilot and series. $7,000 was received from Cooper.

37. In 1957, the agreement with Jackie Cooper was extended for another year, to October 24, 1958. An additional $2,000 was received from Cooper.

38. Under the agreement, Cooper produced a television pilot, and Cooper and the television film were featured in the August 30, 1958 issue of TV Guide. The film was exhibited, possibly among others, in New York City.

39. On May 26, 1957, on the television program "Horn & Hardart's Children's Hour Special on the Funnies," an actor was dressed as SKIPPY while Ed Herlihy narrated about one of the greatest of all comic strips.

40. During this period, plaintiff effected renewals of copyright in a number of the works of Percy Crosby owned by the corporation, including a renewal of the SKIPPY novel on December 26, 1956, No. R: 183080 and renewal of the novel DEAR SOOKY on October 4, 1957. Other copyright renewals were made with respect to the Ladies Home Journal serialization of the SKIPPY novel, which episodes were renewed by Curtis Publishing Company and assigned to Crosby on February 3, 1959. Plaintiff also renewed the copyright in the novel SKIPPY RAMBLES on September 24, 1959, No. R: 242609, and renewed the copyright in A CARTOONIST'S PHILOSOPHY, which contains SKIPPY dialoge, on October 27, 1958, No. R: 223333.

41. Also during this period, reproductions of the strip continued to be published with permission, including an insertion in the collection "Comic Art In America," published by Simon & Schuster in 1959.

42. Also during this period, the motion picture version of SKIPPY continued to be under license to Paramount, and in 1958 the motion picture SKIPPY was listed as available for television exhibition through MCA-TV, the assignee of Paramount.

IV. 1960-1970

43. Carolyn Crosby, the wife of Percy Crosby and then President of plaintiff, died in November, 1959. Thereupon direction and management of the corporation evolved to the Lafayette National Bank, as committee of Percy L. Crosby,

and Rose L. Stein, executor of the estate of Carolyn Crosby, until 1964, when Percy Crosby died. After protracted proceedings which lasted for three years, and which involved two court proceedings, the estates of Percy Crosby and Carolyn Crosby were settled, the rights previously granted to Skippy Enterprises, Inc. were returned to plaintiff, and majority control of plaintiff was vested in the children of Percy Crosby. Joan Crosby Tibbetts, daughter of Crosby, was elected President in 1968.

44. During this period, annual filings were made with the Secretary of State of Delaware.

45. As previously indicated, Percy Crosby, up until the time of his death, continued to draw SKIPPY cartoon strips while confined, and also wrote dialogue on the SKIPPY character. Also during 1960-1964 Rose Stein made repeated contacts and visits to King Features Syndicate to explore avenues of exploiting the SKIPPY property.

46. In 1963 and 1964, plaintiff negotiated with Windy City Features, Inc., a Chicago company specializing in the syndication of comic strips and also merchandise tie-ins. An agreement was negotiated, and a contract was scheduled to be signed in December 1964. Crosby's death on December 8, 1964 caused this negotiation to be abeyed pending settlement of the estate.

47. During this period, the SKIPPY cartoon strip continued to be reprinted in comic strip anthologies and the like, with permission initially granted by King Features Syndicate, and subsequently ratified by plaintiff.

48. In July, 1967, King Features Syndicate granted permission to Tower Press to reprint the SKIPPY comic strip in the publication "Good Ol' Days," and such republications have continued down to the present time with the consent of plaintiff.

49. During the month of November, 1968, an exhibit of the SKIPPY comic strip art and other art of Percy Crosby was presented at the University of Maine. Five hundred mailings of a brochure promoting the exhibit were mailed. Articles

appeared in the Maine newspapers, and in connection with the exhibit, a fifteen minute television program was presented in November, 1968, filming and narrating the SKIPPY cartoon strip.

50. During the period 1965 to 1969, negotiations were undertaken with Windy City Features, Inc., King Features Syndicate and United Feature Syndicate to resume the SKIPPY cartoon strip. Negotiations were undertaken, in 1966 and 1967, with Ross Simmons, a cartoonist from Clawson, Michigan.

51. Negotiations were also entered for reprints of the SKIPPY comic strip with Nostalgia Comics.

52. During 1967 and 1968, as a result of the Exhibit at the University of Maine and the attendant publicity, plaintiff was contacted by various art dealers and galleries with offers to purchase the SKIPPY cartoon strip art work.

53. In 1967, the advertising agency of Dancer, Fitzgerald and Sample contacted plaintiff concerning use of the SKIPPY name and character.

V. 1970-1970

54. During this period annual filings were made with the Secretary of State of Delaware.

55. Following negotiations covering the years 1968 to 1971, (as well as the negotiations earlier in the 1960s referred to previously) in March, 1971, plaintiff enetered into an agreement with Windy City Features, Inc. of Chicago, Illinois to republish and market the SKIPPY name and property. $5,500.00 was received under this agreement, which lasted until March, 1973. Among the clients of Windy City Features, Inc. who took on republication of the strip were the Toronto Globe and Mail, the Mankato Free Press of Mankato, Minnesota, The Herald of New York City, Williams Press, Inc. of Chicago Heights, Illinois, Maurice Horn of Brooklyn, New York, the previously mentioned Tower Press, Inc. of Seabrook New Hampshire, and Real Free Press, of Amsterdam, The Netherlands.

56. In 1971, the SKIPPY name and character were featured at a cartoon exhibit at the University of Maryland, College Park, Maryland.

57. SKIPPY was featured in the anthology "The Comics" by Jerry Robinson, published by Putnam in 1974, with permission of plaintiff.

58. SKIPPY was republished in the collection "Art: The Way It Is" by Prentice Hall in 1974, with permission of the plaintiff.

59. SKIPPY was printed in an educational text book by Silver Burdette Publications in 1975 under permission from plaintiff.

60. In 1974 plaintiff granted permission to the Elderberry Times, of Elderberry, Maine to use the property in special issues.

61. In 1975, under a license previously granted by Windy City Features, the book "Skippy by Percy Crosby" was published by Real Free Press, of Amsterdam, The Netherlands.

62. During this period there were various exhibits of the SKIPPY cartoon strip at exhibitions and museums. In 1973, Jerry Mueller exhibited in seven states. In 1973, SKIPPY was exhibited in a collection entitled "Comic Art" at the Kennedy Center in Washington, D.C. In 1974 and 1975, SKIPPY comic strips were loaned to the Cartoonists Museum in Greenwich, Connecticut. Commencing in 1973, comic historian Jerry Robinson used the SKIPPY cartoon strips in teaching a course on cartoon drawing at the New School of Social Research.

63. Also during this time, sales of SKIPPY cartoon strip art were made to various persons, including Robert Murphy and Al Paskow.

64. SKIPPY was reprinted in the "Smithsonian Collection of Newspaper Comics 1894-1950" with permission of plaintiff in 1977, published by the Smithsonian Institute Press.

65. In 1976, plaintiff entered into an agreement with Jerry Robinson and Holt, Rinehart and Winston for publication of a book about the SKIPPY comic strip and its creator, Percy L. Crosby. $2,400 was received as an advance on royalties. The book, entitled "Skippy and Percy Crosby" by Jerry Robinson, with an introduction by Jules Feiffer, was published in late 1978 by Holt, Rinehart and Winston.

66. In June, 1978, plaintiff entered into a licensing agreement with Worldwide Merchandising Corporation of New York City, to promote the SKIPPY name and property. This agreement was terminated in October, 1978.

67. In September, 1978, plaintiff entered into a contract with Effanbee Doll Corporation, wherein Effanbee was licensed to put out a limited, collector's edition of the SKIPPY doll which was first licensed by Crosby and plaintiff in the late 1920s and early 1930s. Under the license with Effanbee, 4,000 SKIPPY dolls were manufactured. $5,000 was received by plaintiff under this agreement.

68. In the middle and late 1970s, the movies SKIPPY and SOOKY, originally produced by Paramount Pictures under license from Crosby and plaintiff, continued to be shown on television. While prior to 1979 the television distributor, MCA, Inc., had not obtained the appropriate permission from plaintiff, by reason of a settlement of a lawsuit filed in this court, the prior showings were ratified by plaintiff, and any subsequent showings of the film are under license from plaintiff. The SKIPPY and SOOKY motion pictures continue to be listed as available for television distribution through MCA. Under the settlement with MCA, plaintiff received $4,000.

69. During this period, the SKIPPY cartoon strip continued to be reprinted by various parties. As previously stated, Tower Press has since 1967 and down to the present continued to republish the strip in its publication "Good Ol' Days." Originally, this publication by Tower Press was done with permission of King Features Syndicate, and since 1976 with the express permission of plaintiff. Plaintiff continued to receive royalties from such publications. In 1976, permission to

reprint the strip in "The World Encyclopedia of Comics" by M. Horn was granted to Chelsea House Publications. Also in 1976, the SKIPPY strip was republished in "Comic Memorabilia" by Robert Lesser, with permission. In June 1977, under permission from plaintiff, SKIPPY was featured on the front cover of "Cartoonists Profiles," and an article on the SKIPPY strip appeared in the same issue. In 1977 and 1978, permission was given to reference to the SKIPPY strip in "Politics in the Comics" by Professor Charles Press of the University of Michigan, which work was published by Fairleigh Dickinson Press. In 1980 permission was given to the Washington Post and the National Highway Traffic Safety Administration to reprint the SKIPPY comic strip. In 1978, the SKIPPY comic strip was reprinted with permission in the publication "A Tribute to Amelia Earhart" by Shirley Dobson. The strip was also republished in 1977 in a book collection entitled "SKIPPY 1925-1926" by Hyperion Press, for which publication plaintiff received payment.

70. In the Spring of 1976, plaintiff entered into an agreement with Frank McQuaid, who operates a rare book store in Maine, whereby several hundred of the SKIPPY books, originally published in the 1930s, were consigned for sale. A five hundred dollar ($500) advance was received under this agreement, and the agreement is still in effect.

71. Commencing in 1977, and continuing up to the present time, plaintiff has sold and distributed pens and pencils bearing the SKIPPY name thereon.

72. In June of 1979, plaintiff entered into an agreement with King Features Syndicate of New York City, for syndication and merchandising of the SKIPPY name and property. This agreement expired in June, 1980.

73. In January, 1978, plaintiff entered into a marketing option agreement with defendant, which option agreement is more fully discussed below.

74. During this period, plaintiff also filed for and obtained a U.S. trademark registration for the SKIPPY name. On June

29, 197, an application was filed, which matured into Registration No. 1,129,551, issued January 22, 1980. In March, 1979, two additional applications were filed to register the SKIPPY name and the SKIPPY name in conjunction with the character as a service mark for merchandising services. These applications are still pending.

75. During this period, numerous other activities were undertaken by or on behalf of plaintiff to exploit the SKIPPY name and property. Included among these efforts were contacts with various art galleries to repeat the successful art exhibit at the University of Maine, which contacts were made in 1974 and 1975; a 1974 approach to plaintiff by Richard Turner, formerly with Windy City Features, asking plaintiff to consider a renewed approach on license; an approach to Jackie Cooper in October, 1975 by plaintiff to consider a special benefit showing of SKIPPY in conjunction with the American Film Institute, which attempt was renewed in 1976; discussions with an animator in Hollywood in 1977 concerning a SKIPPY television series, and another approach to Robert Reed of the Chicago Tribune Syndicate in 1978 concerning a television series. In 1978 and 1979 plaintiff had discussions with Hobby House Press concerning use of the SKIPPY name and character on patterns for doll clothing and paper dolls, via Effanbee Doll Company, the license for the dolls themselves. Also in 1979, plaintiff approached Howard Beckerman concerning an animated SKIPPY special, and also approached Tony Mendez concerning the SKIPPY syndication rights in May, 1980.

76. In 1979, two other compnies agreed to take out licenses from plaintiff, namely, Skippy Ice Cream of Rochester, New York, and Martin Beverage Company, located in Brooklyn, New York. Discussions were also initiated with Gluck Watches of New York City, concerning a license for that company's use of the SKIPPY name, and initial contacts were made with Skippy Candle and Incense, of Southfield, Michigan and National Can Corporation of Chicago, which are using the SKIPPY name. The matters have not been finally resolved.

77. In 1976 and 1977 Inglett and Watson Galleries of Georgetown approached plaintiff for an exhibit of the SKIPPY art and memorabilia, and also discussed with plaintiff a proposal for a documentary on SKIPPY and Percy Crosby for television.

78. Also during 1978, plaintiff approached Hallmark Cards to explore the possibility of using SKIPPY for children's party theme cards. In 1980, plaintiff began efforts to obtain a grant from the National Endowment for the Arts to produce an animated film of SKIPPY, which application is now pending.

79. In 1978, the SKIPPY character was featured on the front of "Grapevine" the publication of the Newspaper Comics Council. In 1980, the National Cartoonists Society featured SKIPPY among other characters on the cover of the "85th Anniversary of Comics" issue.

80. From 1923 to the present, the name SKIPPY has always been associated with the SKIPPY cartoon. However, defendants's willful disparagement and total disregard for plaintiff's trademark rights has caused a reverse confusion in the trade and in the public's mind, all to plaintiff's considerable damage and deterent.

D. Chronology Of Defendant's Use Of SKIPPY For Peanut Butter, And Plaintiff's Actions With Respect Thereto

81. An individual by the name of Joseph L. Rosefield, trading under the name of Rosefield Packing Company, began manufacturing and selling peanut butter in the San Francisco, California area in approximately 1918. On or about September 23, 1924, Joseph L. Rosefield received a patent from the U.S. Patent Office which, among other things, referred to a process of hyrdogenating the oil in the manufacture of peanut butter.

82. In approximately 1924, Joseph Rosefield entered into a license agreement with respect to the patent for hydrogenating the oil in the manufacture of peanut butter with E. K. Pond Co., of Chicago, Illinois. For the first few years between 1924 and 1926, Pond used the name "Dainty," but sales were poor.

83. On or about March 1, 1927, E. K. Pond Co. commenced sale of peanut butter manufactured under Joseph Rosefield's patented hydrogenation process under the trademark PETER PAN, which was the name of the well-known character in Sir James Barrie's play. At the same time, Rosefield's successor-in-interest, Rosefield Packing Company, Ltd. (hereinafter "Rosefield"), was given the exclusive right to distribute PETER PAN peanut butter in a number of Western states of the United States. Rosefield also received royalties from the sale of PETER PAN peanut butter by E. K. Pond Co. By the end of 1932 and without any advertising, PETER PAN peanut butter was the top selling brand of peanut butter in the United States.

84. In 1932, the agreement between Rosefield and E. K. Pond Co. was cancelled over a royalty dispute. As a result, E. K. Pond Co. began manufacturing and selling PETER PAN peanut butter under another process no longer using the Rosefield patented process. Rosefield thereafter had no right to sell any peanut butter under the PETER PAN trademark.

85. Following the termiantion of the PETER PAN license, Rosefield set out to create a trademark for peanut butter manufactured with its patented process to compete with PETER PAN peanut butter and several hundred other producers of peanut butter, but was without any funds to do so. At this time, hundreds of comapnies, and in particular food manufacturers were using comic strips or cartoon characters as names for their products or in connection with adversiting and promoting their products.

86. Marvin and Jerome Rosefield, sons of Joseph Rosefield who founded Rosefield Packing Company, were officers of Rosefield and were employed by this corporation in 1933 when Rosefield first adopted the SKIPPY name and label of peanut butter. Marvin Rosefield testified that when he first suggested Rosefield adopt the name SKIPPY in 1933 for peanut butter, he was familiar with the SKIPPY cartoon character and even conceded that the name SKIPPY at that time was *associated with* Crosby.

Q: Were these Skippy cartoons by Percy Crosby?

A: Yes, I'm sure they were.

Q: Why is that?

A: Well, because thename is associated with the Skippy character of a little boy, who I do remeber, certainly.

Jerome Rosefield also testified at his deposition that when Rosefield selected the name Skippy as its brand for peanut butter, he was familiar with the SKIPPY cartoon by Crosby.

87. Marvin and Jerome Rosefield contradicted each other on how Rosefield arrived at selecting the name Skippy for Rosefield's peanut butter. Marvin Rosefield testified he suggested the name SKIPPY because he felt it was a common child's nickname and his high school best friend was named Skip but Skippy Peanut Butter sounded better than Skip Peanut Butter.

Q: What factors prompted you to suggest the name SKIPPY?

A: Skipper, Skip, Skippy were very common boyhood nicknames at that time. In fact, my best friend's nickname was Skip, and it did suggest use (sic) (youth) and that seemed to be it.

Q: Were there any other reasons?

A: It—it flowed well. Skippy Peanut Butter has a nice rhythm to it. You could have used others, which would have had an equal flow, like Buddy would have been a better name, had we thought of it, but Skip—Skip Peanut Butter gives you two consonants together, which is not—Skipper Peanut Butter leaves you with a twisted tongue. So, Skippy had a better flow.

Q: [Were] there any other reasons that prompted you to suggest the name SKIPPY?

A: Not to my knowledge.

88. On the other hand, Jerome Rosefield testified that Marvin never mentioned these reasons to him in their discussions to arrive at a brand name.

Q: Did you consider the name SKIPPY because it was a common child's nickname?

A: No, I don't believe so. Was it a common childs nickname?

Q: Did you brother ever tell you that he though SKIPPY might be a good idea because he had a friend named Skip?

A: I certainly doubt it, but I don't know.

89. The Rosefield decision to select the name Skippy which was the name of one of the country's most popular comic strips must be viewed in the context of the label adopted by Rosefield in 1933 for its SKiPPY Peanut Butter jar. The Rosefields claimed a total lack of knowledge as to how the SKIPPY Peanut Butter label was created. But the first SKIPPY Peanut Butter label *adopted the symbols associated with Crosby's SKIPPY comic strip*, namely, the "ever-present" white fence, the bucket and brush and childlike painting of the name "Skippy" on the fence in style similar to Crosby's.

90. Further evidence of Rosefield's adoption and use of plaintiff's trademark SKIPPY is demonstrated in two documents. The first document reflects that on February 3, 1933, Rosefield was attempting to make the assiciation of its product with plaintiff's SKIPPY but was advised,

> ". . . name should not be accompanied with an *exact* reproduction of the 'Skippy' character as the drawing may have been copyrighted." (Emphasis supplied.)

The second document, authored by defendant's attorney to the president and vice president of defendant confirms the fact of the association:

> "From a historical, as opposed to a legal, point of view, it would appear at various times in the past we did 'plagarize' in our labeling some of the Skippy comic concepts, notably the little boy and the fence."

91. On or about February 1, 1933, Rosefield began using the name SKIPPY on peanut butter. Rosefield's use was without authorization or permission from plaintiff.

92. On June 14, 1933, Rosefield applied for a federal trademark registration for the name SKIPPY for peanut butter.

93. On September 6, 1933, Skippy, Inc., filed a Notice of Opposition.

94. Both parties filed several briefs and a hearing on the merits was held.

95. The Examiner ruled in favor of the plaintiff, and defendant was denied the right to register the name SKIPPY for peanut butter and plaintiff's opposition was sustained. No appeal was taken by Rosefield and the Examiner's decison became final.

96. Notwithstanding plaintiff's successful opposition, Rosefield continued using the name SKIPPY and continued using the label incorporating the symbols from the SKIPPY comic strip.

97. In 1935, Skippy, Inc. discovered someone was distributing Skippy Peanut Butter in Utah and wrote a letter of protest. As a result, the party stopped distributing Rosefield's SKIPPY Peanut Butter. Nevertheless, Rosefield continued manufacturing and selling SKIPPY Peanut Butter in the Western States, but decided not to take any action against or make any reply to Skippy, Inc.

98. In 1944, Rosefield began distributing SKIPPY Peanut Butter in the East, and shortly thereafter, Skippy, Inc.'s attorney wrote to Rosefield objecting to its use of plaintiff's trademark SKIPPY. In response, Rosefield offered a settlement which was not accepted by Skippy, Inc.

99. In 1947, Skippy, Inc. renewed its objection to Rosefield for its use of plaintiff's trademark SKIPPY without plaintiff's permission or consent. Indeed, the fact that plaintiff *never* consented to Rosefield's use of its trademark SKIPPY and that Rosefield *never* relied on such consent was admitted by Jerome Rosefield in his testimony.

Q: Did Rosefield Packing Corporation at all times use the name Skippy fo their peanut butter without the

permission or consent of Percy Crosby or Skippy, Inc.?

A: We did not need, require, have use for the consent from anyone. I have already answered that question.

Q: My question is, did you have the consent?

A: I said no.

100. Further evidence that plaintiff never consented to Rosefield's use of its trademark SKIPPY is contained in documents pertaining to defendant's acquisistion of Rosefield in 1955. In a letter written prior to the acquisition, defendant was advised by its outside counsel that since Skippy, Inc. might renew its objections in the future, defendant's future use of the trademark SKIPPY would be at its peril without recourse to Rosefield. Defendant's attorney then recommended covering up the history of plaintiff's protest in the event of any future challenges by Skippy, Inc.

> "Paragraph (b) of the enclosed draft (Rosefield's warranties) will furnish your assurance that there is no pending attack on the seller's rights in the marks. We talked of the possibility of making some specific reference to the old protest, but I decided not to include here any reference to it. That certainly need not be regarded as a pending controversy after this long laspe of time, and the risk of any renewal of its seems to be very small, but the seller is *not in a position to give you any effective assurance that it will not be renewed, and if the question should come up I would rather see you defending yourselves on it without having your title papers show a reference to your present knowlege of the past history*. (Emphasis supplied.)

101. On July 23, 1947, Rosefield filed a second application in the U.S. Patent Office to register SKIPPY for peanut butter. This application failed to make any reference to plaintiff's earlier successful operation. The affidavit and application were signed by Joseph L. Rosefield, who was President of Rosefield at the time when its earlier application was succesfully opposed by plaintiff.

102. On December 21, 1948, Rosefield was issued federal Registration No. 504,940 for the trademark SKIPPY for peanut butter.

103. On June 10, 1954, defendant filed in the U.S. Patent Office a "Combined Affidavit Under Section 8 & 15" with respect to Reg. No. 504,940. The affidavit was signed by Joseph L. Rosefield, who was President of Rosefield at the time when its earlier application was successfully opposed by plaintiff.

104. That portion of the aforementioned affidavit that related to Section 15 (15 USC 1065) stated that there had "been no final decision adverse to registrant's claim of ownership of such mark for such goods or services, or to registrant's right to register the same or to keep the same on the register." At the hearing in this case on July 18, 1980, defendant's counsel conceded and the court ruled, that such statement was false.

105. On or about January 3, 1955, Rosefield assigned its federal trademark Reg. No. 504,940 for SKIPPY to Best Foods Co., Inc., a New Jersey corporation.

106. On or about November 30, 1958, Best Foods, Inc. merged with Corn Products Refining Co. to form Corn Products Co., a New Jersey corporation.

107. On or about May 13, 1959, Corn Products Co., a New Jersey corporation merged to form Corn Products Co., a Delaware corporation. On or about April 23, 1969 Corn Products Co. changed its name to CPC International, Inc., the defendant herein.

108. In April 1977, plaintiff threatened defendant with a lawsuit to enjoin its use of the name SKIPPY and to demand damages for past use. On May 3, 1977, the parties met. Plaintiff renewed its claims, and the possibility was discussed of defendant using plaintiff's property based upon ideas advanced by plaintiff.

109. On May 19, 1977, in a letter to plaintiff, defendant denied any liability and stated that "any agreement which we might reach would have to be on the basis of something *mutually* beneficial, a question as to which our *marketing people* must respond."

110. In June, 1977, the focus of considering the use of plaintiff's property with ideas advanced by plaintiff changed, as the defendant advised plaintiff the use of its property was being considered in connection with one of the concepts being explored by one of the defendant's advertising agencies:

> "I told her in some conversation that we were considering an advertising campaign as one of several possibilities which might utilize the comics as an adjunct to such a campaign and *should we elect to go that route*, there was a possibility of an arrangement being worked out."

111. On July 8, 1977, defendant by letter again advised plaintiff that any payment made to plaintiff "must be based upon our belief as to a *valid use* for the rights which we would obtain," and that this decision was being considered *by defendant's marketing department* in light of the advertising agencies' competition.

112. On August 23, 1977 by letter defendant advised plaintiff that its marketing department still had not made a decision on which advertising agency's concept it woud accept, but "it is conceivable that there may be a tie-in between a new campaign and the rights of Skippy, Inc. *If that marketing strategy is given a tentative go-ahead,*" defendant believed it would offer a marketing arrangement which would include a release by plaintiff for past claims. In that same letter, defendant advised plaintiff it would contact plaintiff as soon as "a definite *decision is made one way or the other.*"

113. In September, 1977, defendant did contact plaintiff and stated that its marketing department had decided to use plaintiff's property which would result in future royalties to plaintiff.

114. A marketing Agreement was agreed to in principle on September 26, 1977, which included a release by plaintiff and the Agreement was executed in December 1977 and January 1978.

115. At the time plaintiff executed this Agreement it believed defendant's representations that its marketing depart-

ment had decided to use its SKIPPY property and that the advertising agency's concept utilizing its propety had been accepted which would result in future royalties.

116. Both prior and contemporaneously with the execution of this Agreement, defendant advised plaintiff that it would be sending its marketing people to reveiw plaintiff's property for purposes of implementing its markeing decision to use plaintiff's property.

117. Plaintiff did not know when it executed the Agreement that defendant had rejected the advertising agency's concept utilizing the SKIPPY cartoon character *prior* to plaintiff's execution of the option Agreement. This is made clear in the testimony of Richard Siebrasse:

Q: In the spring or summer of 1977 did you have any conversations with McCann, Erickson concerning the possible use of any property owned by Skippy, Inc., including the Skippy comic strip?

A: Yes.

Q: Did they explore the possibility?

A: They evaluated it and submitted television story boards.

Q: The story boards included the use of the Skippy cartoon character?

A: A story board was submitted which incorporated a small boy and a small girl. The little boy was called "Skippy." And the little girl carried on a conversation about Skippy peanut butter.

Q: What was CPC's response to McCann, Erickson's evaluation?

A: We decided, as I indicated before, to test it, to evaluate it.

Q: And did you?

A: Yes.

Q: And what was the result?

A: We decided not to use it.

Q: That was in the summer of '77?

A: Yes.

MR. GETTINGS: Hold it. Let's get your best memory as to when this was.

A: The summer of '77. All of this activity took place within a very short period of time. The spring of '77 and concluding mid to late summer of '77.

118. Contrary to defendant's representations to plaintiff, defendant's decison to pay plaintiff money for the Option Agreement was not based upon its marketing department's evaluation. This is borne out by the testimony of defendant's executive John Volkhart, who authorized the execution of that Agreement:

Q: At the time that your authorization was sought to approve this (option) agreement between Skippy, Inc and CPC, did the marketing department say how much it would be worth to get an option on the use of the Skippy comic strip or Skippy comic character.

A: No, no.

119. Furthermore, contrary to defendant's representations to plaintiff that its marketing people were scheduled to visit plaintiff's offices in Reston to implement its decision to use plaintiff's property, defendant's marketing people were given different instructions from defendant's legal department.

Q: Were you ever advised by anyone in 1978 that you might be sent to Reston, Virginia to review some Skippy art work?

A: I was never advised that I would be sent. I was told that if I was ever down in her area that we could take a look at it, that it was there.

120. In short, unbeknownst to plaintiff and contrary to its representations to plaintiff, defendant entered into the Option Agreement to avoid adverse publicity, to obtain plaintiff's release, and to get plaintiff "off its back," as demonstrated by the testimony of defendant's witness, Hanes Heller:

"(I)t would appear that at various times in the past we did 'plagarize' in our labeling some of the Skippy Comic concepts, notably the little boy and the fence . . . If there is any truth to the story she tells of renewed interest in her father's work, including a biography to be published by Holt, Rinehart, the *possibility of adverse publicity cannot be ignored.*"

* * *

Q: What did you tell them in regard to what you said and what did you tell them in regard to what Mrs. Tibbetts said?

A: I don't believe I tried to report on the meeting other than to say that we had met and that I believe that we had the basis of an agreement that would encompass our right to use these materials should we elect to do so, and that this would wrap up all ast allegations and in substance hopefully would get her off our back.

121. From 1928 to 1942, Crosby and plaintiff were represented by the New York law firm of Lord, Day and Lord (hereinafter "LDL"), and from 1942 until 1978 LDL retained important trademark files and records of the plaintiff. From approximately 1958 when Best Foods merged with Corn Products Co., until the present, the same law firm has represented defendant.

122. In 1965, Joan Crosby Tibbetts called LDL and requested information about plaintiff and LDL said they couldn't help because of a conflict of interest with Corn Products, but failed to disclose that they were in possession of plaintiff's files.

123. Further in 1965, LDL advised plaintiff's attorney that the reason plaintiff had not received money from defendant for the use of plaintiff's SKIPPY trademark was that there had been an earlier license granted to Rosefield. As a result, plaintiff took no action against defendant.

124. In 1976 and 1977, plaintiff was advised by its former attorneys, LDL, that they had possession of approximately twenty files of the plaintiff. A list of file titles for these files

were provided to plaintiff by LDL, but these files did not suggest to plaintiff that the files had any bearing on trademark matters in general or any matters relating to the defendant.

125. In early 1977, plaintiff requested access to these files and LDL advised plantiff it could not turn them over until they received permission from defendant, and further advised plaintiff that these files were not important and had nothing to do with its claim against defendant.

126. Plaintiff advised defendant of its belief that these files had no bearing on its pending negotiations, and requested defendant to give its permission to LDL, but defendant refused to do so until May 1978, well after the Option Agreement was executed.

127. In October 1977, LDL was told by defendant that it was negotiating with plaintiff for an Option Agreement and a "settlement of all past disputes." At this time, LDL advised defendant that the files may have a bearing on the negotiations, indeed turning over the files might be "prejudicial" to the defendant in the context of obtaining the release.

128. LDL misrepresented to plaintiff that these files were not important.

129. LDL withheld these files from plaintiff until defendant advised them it was all right to release them to plaintiff, as indicated in the testimony of Henry Baldwin, an attorney with LDL:

Q: Did there come a time when Hanes Heller advised you by phone or letter that they had no objection to your sending Skippy, Inc. any of the files relating to Mr. Crosby or Skippy, Inc.?

A: Yes.

Q: When did that take place?

A: Some time after I received a letter from Mrs. Tibbetts, which I believe was dated February 24, 1978, in which she advised me that the agreement with Corn Products had been signed and that I should now turn over to her the files.

I called Hanes Heller and *asked him to confirm to me that, in fact, I could do this* and that the agreement had been signed *and he did.*

130. The files withheld from plaintiff did involve plaintiff's trademark rights and its claims against defendant. The withholdings of these files was prejudicial since plaintiff would not have executed the Option Agreement if it had had access to the files.

II. Conclusions Of Law

A. Jurisdiction And The Parties

131. The court has jurisdiction of the subject matter and the parties under 15 USC 1501 *et seq.* and 28 USC Section 1338(a) and (b). Venue lies under 28 USC Section 1391 (b) and (c).

B. Trademark Infringement And Unfair Competition

132. The court concludes that defendant is guilty of trademark infringement and unfair competition, both federally and at common law.

133. The Federal Trademark Act defines trademark infringement as the use of any "colorable imitation" of a registered mark which is "likely to cause confusion, or to cause mistake, or to deceive." 15 USC Sec. 1114(1). Plaintiff must demonstrate only the likelihood that an "appreciable" number of persons will be confused by the marks at issue. *Corning Glass Works* v. *Jeannette Glass Co.*, 308 F.Supp. 1321 (S.D.N.Y. 1970), aff'd per curiam, 432 F.2d 784 (2d Cir. 1970); *David Sherman Corp.* v. *Heublein Inc.*, 340 F.2d 377 (8th Cir. 1965). This "appreciable" number need not be a majority. McCarthy on Trademarks, Section 23:1 at 35. It is also well established that a plaintiff is not required to prove any instances of actual confusion. *See generally*, McCarthy, Sect. 23:2 and cases cited therein.

134. The determination whether a mark is likely to confuse is often approached by courts as a judgment whether the

marks have a "confusing similarity" of appearance. *Holiday Inns, Inc.* v. *Holiday Inn*, 364 F.Supp. 775 (D.S.C. 1973) aff'd without opinion, 498 F.2d 1397 (4th Cir. 1974). In order to prevail, the plaintiff must show that it is the true prior user of a valid trademark; that the marks in question are either identical or in close resemblence; and that the nature of the respective products used by the plaintiff and defendant are not so unrelated as to preclude any possibility of confusion as to their source. In this connection, the protection accorded by the law to a user's good reputation associated with his mark is not limited to directly competitive goods, and it is well settled that a trademark owner has the right to protection from non-competing goods. *Fleishman Distilling Corp.* v. *Maier Brewing Co.*, 314 F.2d 149, 151 (9th Cir. 1963), cert. denied, 374 US 830, 83 S.Ct. 1971 (1963); *Yale Electric Corp.* v. *Robertson*, 26 F.2d 972, 1974 (2d cir. 1928).

135. Plaintiff's federal registration, No. 1,129,551 issued January 22, 1980 for the mark SKIPPY as applied to publications, namely a cartoon comic strip, establishes plaintiff's prima facie right to use of that mark under the federal Lanham Act, 15 USC 1057b.

136. Moreover, plaintiff has established valid common law rights under the law of Virginia by virtue of its use of the SKIPPY name on products other than its federally registered cartoon comic strip. In this connection, the law of Virginia in establishing a test of "likelihood of confusion" is not unlike and parallels that of the federal trademark act. *Food Fair Stores, Inc.* v. *Lakeland Grocery Corp.*, 30 F.2d 156, 133 USPQ 127 (4th Cir. 1952).

137. The trademark laws are part of the much broader law of unfair competition, and infringement of a trademark constitutes a form of unfair competition. Unlike a claim for trademark infringement, however, a claim of unfair competition under either federal statutory or common law does not hinge on whethr the plaintiff's mark is federal registered and valid. This is stated in *John Walker and Son, Ltd.* v. *Bethea*, 305 F.Supp. 1302 (D.C.S.C. 1969), at page 1309:

"The elements of both actinos are decidedly similar and the courts often lump them together and discuss them as one cause of action. However, there is a distinction between the two forms of action. It is often said that the law of trademark infringement is part of an included in the broader law of unfair competition. However, the law of trademarks is governed by federal statutes, while the related law of unfair competition is of common law origins. See Brooks Bros. v. Brooks Clothing of California, Ltd., 60 F.Supp. 442, 65 USPQ 301 (S.D. Calif. 1945); Scriven v. North, 134 F. 366 (4th Cir. 1904); Stork Restaurant v. Sahati, 166 F.2d 348, 76 USPQ 374 (9th Cir. 1948).

It is clear that the action for unfair competition does embrace the law of trademark infringement and extend beyond it. Trademark infringement is a statutory action provided for under the Lanham Act, while unfair competition is a somewhat more comprehensive field, developed under the common law. Being an equitable action developed by case law the court has a great deal more flexibility and may consider a wider number of factors in an unfair competition controversy. Possible confusion in the minds of the buying public is at the core of the law of trademark infringement. Likewise the hallmark of that portion of the law of unfair competition, which deals with trademarks is possible confusion as to the course of goods. (Same citations as above.)

138. The court concludes that the plaintiff is the prior user of the name SKIPPY, and that by the time defendant adopted the same name in 1933 for its peanut butter, the name had acquired a secondary meaning as identifying plaintiff's property, principally the comic strip drawn by Percy Crosby, but also encompassing broad common law rights in the name as applied to a variety of other products and services as set forth in the findings of fact above.

139. The court further concludes that the defendant adopted and used the SKIPPY name for its peanut butter in bad faith. This is amply demonstrated in the record, which shows that two of the principals in the defendant's predecessor corporation, Rosefield Packing Co., knew that the SKIPPY name was associated with the creation of Crosby. This conclusion is further buttressed by the fact that defendat took for

its label additional symbols associated with th SKIPPY comic strip, including the white fence, the childlike writing of the name SKIPPY on the fence, and the bucket and brush. As the court in *Holiday Inns, Inc.* v. *Holiday Inn*, 364 F.Supp. 775 177 USPQ 640, (D.S.C. 1973), under similar circumstances stated:

> "Although intent is not a necessary element of trademark infringement, there can be no question of defendant's intent to infringe upon the plaintiff's marks. The defendant's president admitted that defendant did not begin to use the distinctive script in writing its name until after she knew of the plaintiff and after the record shows that the plaintiff had registered this script. The Court cannot believe that the defendant accidentally or innocently chanced upon the same style script as that used by the plaintiff or that it adopted its slogan without hoping to benefit from the recognition factor already developed by the plaintiff in a similar slogan. 177 USPQ at 646.

The court further concludes that plaintiff has continued its use of the SKIPPY name and trademark since 1933, and has not abandoned said name. The issue of abandonment is discussed more fully below under defendant's affirmative defenses.

140. While the goods to which plaintiff has applied the SKIPPY name and trademark over the years, and those upon which defendant has used the name, principally peanut butter, are not identical, the court finds that, because of the fame of plaintiff's name and mark its widespread use over a long period of time not only for the comic strip but for a wide variety of other goods and services, including in some cases food products, a likelihood of confusion exists. As indicated in paragraph 134 above, it is well settled that a trademark owner has the right to protection from non-competing goods. This should be particularly true in the field of populare comic strips. As Milton Caniff, famed creator of "Terry & The Pirates" and "Steve Canyon," an expert on cartoon history thoroughly documented and explained, since the 1920s, continuing down to the present, the public has come to recognize that famous cartoon characters and names in comic strips are licensed on a wide variety of goods and services. Over the years, courts have consistently

upheld the distinctiveness and reputation of literary and cartoon character names, even on clearly non-competitive goods. *Lone Ranger, Inc.* v. *Cox*, 124 F.2d 650 (4th Cir. 1942); *Feldman* v. *Amos & Andy*, 68 F.2d 746 (CCPA 1934); *Warner Bros., Inc.* v. *Roadrunner Car Wash, Inc.*, 189 USPQ 430 (TTAB 1975); *American Broadcasting Co.* v. *Button World Manufacturing Co.*, 151 USPQ 261 (NY Sup. Ct. 1966); *Wyatt Earp Enterprises* v. *Sackman, Inc.*, 157 F.Supp. 621 (S.D.N.Y. 1958); *Premier-Pabst Corp.* v. *Elm City Brewing Co.*, 9 F.Supp. 754 (D.Conn. 1935).

141. The court's finding of a likelihood of confusion and resulting trademark infringement and unfair competition, is reinforced and buttressed in this case by four additional factors which make that conclusion virtually irrefutable.

142. The first factor is that the defendant has already had its "day in court" with respect to the relationship, or lack thereof, between the plaintiff's comic strip and related products, and the defendant's counsel in 1954, identified as plaintiff's exhibit 588G, wherein defendant's attorney indicates that, from an investigation of the file of the 1933 opposition filed by plaintiff against defendant's predecessor, it is indicated that defendant's predecessor Rosefield filed a brief in support of a motion to dismiss alleging that the opposer Skippy, Inc. had failed to allege any damage, *didn't deal in foodstuffs*, etc. Defendant's predecessor Rosefield did not prevail in this argument. Plaintiff's opposition was sustained, and when Rosefield did not appeal, the decision became final. *In re Herbst*, 32 App. D.C. 269, (1908). Where issues are determined in an inter partes proceeding before an administrative tribunal, the doctrine of collateral estoppel should be applied to such decisions, since in the administrative proceeding, the parties had the full opportunity to litigate the issue. *U.S.* v. *Utah Const. Mining Co.*, 384 U.S. 394 (1966).

143. The court's holding of a likelihood of confusion is further buttressed by the fact that plaintiff presented evidence of actual confusion through the testimony of Charles Schulz and Margaret Feldman. It is well established that evidence of

actual confusion is not necessary to establish likelihood of confusion because this type of evidence is difficult to find. When available, however, it is the strongest proof of likelihood of confusion. *HMH Publishing Co., Inc.* v. *Brincat*, 504 F.2d 713, 719 (9th Cir. 1974); *World Carpets, Inc.* v. *Dick Littrelle's New World Carpets*, 438 F.2d 489 (5th Cir. 1971); *Waples-Platter Companies* v. *General Foods Corp.*, 439 F.Supp. 551, 582 (N.D. Texas 1977). In *World Carpets*, the Fifth Circuit wrote:

> "There can be no more positive or substantial proof of the likelihood of confusion than proof of actual confusion. Moreover, reason tells us that while very little proof of actual confusion would be necessary to prove the likelihood of confusion, an almost overwhelming amount of proof would be necessary to refute such proof." 438 F.2d at 489.

But defendant produced no evidence to refute the evidence of actual confusion. On the contrary, the third factor is based upon the testimony of Charles Schulz, famed creator of the comic strip "Peanuts" who testified that in his epert opinion the public associated Skippy Peanut Butter with the SKIPPY comic strip.

144. As further support and buttress for the court's holding of a likelihood of confusion, there is present in this case, principally through the testimony of plaintiff's presient, evidence in recent years of the type of "reverse confusion" present in the famour trademark case of *Big O Tire Dealers, Inc.* v. *Goodyear Tire and Rubber Co.*, 408 F.Supp. 1219, 189 USPQ 17 (D.Col. 1976) modf'd 561 F.2d 1365 (10th Cir. 1977). In that case, the defendant Goodyear, as the present defendant, was a very large corporation with enormous economic capacity. The plaintiff was a small corporation with limited resources. However, Goodyear, in taking plaintiff's trademark, with its enormous economic capacity associated the name in that case, BIG FOOT, with its product in the minds of a large number of people. The court went on to say:

"It is true that this confusion was not shown to have resulted in persons buying from Goodyear upon the mistake nor belief that they were buying a product sold by Big O. That cannot, however, become the sole basis for liability for trademark infringement. To permit Goodyear to act in blatant disregard of the plaintiff's position merely because they did not pass off its tires as Big O's would eliminate the protection of a business and the proerty right to identify itself and its products to the public. While the mere difference in size and economic power between competitors is not unfair, the competition becomes unfair if that power is used with a complete disregard of the property rights of the smaller company. There is adequate evidence for the jury to conclude that the result of Goodyear's advertising was the destruction of the of the ability of Big O to make any effective use of BIG FOOT to identify its products or its company as a source of such products. The destruction of a trademark must surely be an infringement of it. . . . Whether the wrong done by Goodyear should be characterized as common law trademark infringement or trademark disparagement, the result of it has been confusion in the minds of the public with respect to the relationship between Big O and Goodyear. That confusion did not exist before September 16, 1974. That confusion is, in itself, damage." 189 USPQ at 29.

Here too, defendant advertised and promoted its product in blatant disregard for plaintiff's trademark, which caused confusion between the relationship between the parties and which damaged the plaintiff.

C. Defendant's Affirmative Defenses

1. Release

145. The court concludes that defendant committed fraud in obtaining a release from the plaintiff in January, 1978.

146. The court further concludes that there were two types of fraud committed by defendant upon the plaintiff. The first is that defendant misrepresented material facts of its intent to implement the marketing agreement which plaintiff relied upon in its expectation of future royalties to be received from that agreement containing the release. The second is that plaintiff's former attorneys and defendant's present attorneys

misrepresented the importance of files that were withheld from plaintiff until after plaintiff executed the release. Had plaintiff known the truth about defendant's intention on implementing the marketing agreement or had plaintiff not been misled as to the importance of these files or had not been deprived access to these files, plaintiff would not have executed the marketing agreement which contained the release.

147. Accordingly, defendant is not entitled to rely upon the "release" in the January, 1978 agreement, and its affirmative defense must fail. *Bilotti* v. *Accurate forming Corp.*, 188a. 2d 24 (S. Ct. N.J. 1963); *Hester* v. *New Amsterdam Casualty Co.*, 412 F.2d 505 (4th Cir. 1969); *Thermoid Rubber Co.* v. *Bank Of Greenwood*, 1 F.2d. 891 (4th Cir. 1924). For the same reasons, defendant's affirmative defenses of accord and satisfaction and waiver must fail.

2. Laches and Estoppel

148. "Laches" simply means undue delay by a party asserting its rights against a trademark infringer. *Holiday Inns, Inc.* v. *Holiday Inn*, 364 F.Supp. 775, 784 (D.S.C. 1973), aff'd without opinion, 498 F.2d 1397 (4th Cir. 1974). However, the defense of laches is based upon equitable principals and thus is only permitted as to certain claims of relief under certain circumstances. *Menendez* v. *Holt*, 128 U.S. 514, 9 S.Ct. 143 (1888). All the cases turn on whether there is a good faith or bad faith adoption and use of the trademark and whether the claim is for an injunction or for damages. In this case, the damage claims were stricken before trial.

149. It is well settled in the Fourth Circuit that where a party adopts and uses another's trademark in good faith, an undue delay will deprive the trademark owner's claim for either an injunction or accounting. *Ambrosia Chocolate Co.* v. *Ambrosia Cake Bakery*, 165 F.2d 693 (4th Cir. 1947). However, it is equally well settled in the Fourth Circuit that where a party adpts and uses another's trademark in bad faith or deliberately sets out to capitalize on the good will of another, laches "is not a sufficient defense" to a claim for an injunction.

Holiday Inns, Inc. v. *Holiday Inn, supra*, 364 F.Supp. at 784, *Rothman* v. *Greyhound Corp.*, 175 F.2d 893, 896 (4th Cir. 1949).

150. The equitable defense of "estoppel" is distinctly different from "laches" because there is a required showing of an affirmative act of consent by the owner of a trademark; and an act of reliance by the alleged infringer upon that affirmative act which would unfairly prejudice the infringer if an injunction were granted. *Menendez* v. *Holt, supra, Holiday Inns* v. *Holiday Inn, supra*. Thus, mere knowledge and silence by the trademark owner does not constitute consent for purposes of proving a defense of estoppel, *Menendez* v. *Holt, supra*, 9 S. Ct. at 145; accord *Holiday Inns, Inc.* v. *Holiday Inn, supra*, 364 F.Supp. at 784; *Rothman* v. *Greyhound, supra*, 175 F.2d at 895-6.

151. As previously indicated, the court concludes that defendant adopted plaintiff's SKIPPY name and trademark in bad faith. Hence, under *Menendez* v. *Holt, supra, Holiday Inns, Inc.* v. *Holiday Inn, supra*, and *Rothman* v. *Gryhound, supra*, laches is not available as a defense to this defendant.

152. As to estoppel, this defense must also fail. Far from evidencing an affirmative act of consent by plaintiff, the record here is to the contrary. As indicated previously, plaintiff took actions which demonstrate that it never consented to such use, including the successful trademark opposition in 1934, the protests to defendant in 1935, 1944, 1947, and 1976. One of the principals in defendant's predecessor, Rosefield Packing Company, Jerome Rosefield, indeed admitted that defendant never needed or wanted any consent from plaintiff, and never relied on anything which plaintiff did or did not do. Furthermore, there is evidence the actions of defendant and its attorneys and agents in 1965, 1977 and inducing the fraudulent release in 1978 contributed to the delay in bringing the instant action. Under these circumstances, the defense of estoppel likewise must fail. *Menendez* v. *Holt, supra, Holiday Inns, Inc.* v. *Holiday Inn, supra, Rothman* v. *Greyhound, supra*.

153. Another reason for denying defendant's equitable defenses of laches and estoppel is found in the well established maxim that one who comes into equity must do so with clean hands. *The Age of Majority Education Corporation* v. *Preller et al*, 512 F.2d 1241 (4th Cir. 1975).

154. In view of defendant's "unclean hands" in fraudulently inducing plaintiff to enter into the January, 1978 agreement which contained a release, the court concludes that the right to assert laches and estoppel as a defense will be denied. "Any willful act concerning the cause of action which rightfully can be said to transgress equitable standards oif conduct is sufficient cause for the invocation of the maxim by the chancellor." *Precision Instrument Manufacturing Company* v. *Automotive Maintenance Machinery Company*, 324 U.S. 806, 815 (1945). See also *Dexter & Carpenter Inc.* v. *Houston et al*, 20 F.2d 647, 654 (4th Cir. 1927); *Walker Manufacturing Company* v. *Dickerson Inc.*, 560 F.2d. 1184, 1187 (4th Cir. 1977); *Burroughs Wellcome Co.* v. *Warner-Lambert Co.*, 203 USPQ 201 (TTAB 1979).

3. Abandonment

155. Abandonment can never be found where the one charged with same demonstrates substantially continuous use as well as by objective evidence, an intent not to abandon. *Sexlehner* v. *Eisner & Mendelson Co.*, 179 U.S. 19 (1900); *Baglin* v. *Cusenier Co.*, 221 U.S. 580 (1911); *Hanover Star Milling Co.* v. *Metcalf*, 240 U.S. 403 (1915).

156. To establish abandonment, then, the burden is upon defendant to bring forth evidence of non-use coupled with acts which indicate an intention toi permanently give up use of the mark. *Neva-Wet Corp.* v. *Never Wet Processing Corp.*, 277 N.Y. 163, 13 N.E. 2d 755 (1938). Furthermore, since abandonment results in a forfeiture of rights, the courts require that the evidence thereof be clear and convincing. *Neva-Wet Corp.* v. *Never Wet Processing Corp.*, *supra*. There must be a preponderance of evidence that "leaves no room for doubt or speculation" to prove by one "inescapable conclusion" that the

use of the mark was discontinued "with intent to abandon it to the world." *Oland's Breweries (1971) Ltd.* v. *Miller Brewing Co.* 548 F.2d 349 (CCPA 1976).

157. When the one charged with abandonment comes forward with objective evidence showing continuous efforts to keep the corporation which owns the mark in existence and to sell and otherwise exploit the trademark, no abandonment will be found. *Sterling Brewers, Inc.* v. *Schenley Industries, Inc.*, 441 F.2d 675 (CCPA 1971); *Ideal Toy Corp.* v. *Cameo Exclusive Products, Inc.*, 170 USPQ 596 (197.). Finally, abandonment does not result when some intervening involuntary actin such as confinement to a hospital causes an elimination of all activity. *Clubman's Club Corp.* v. *Martin*, 188 USPQ 455 (TTAB 1975).

158. Defendant's abandonment defense is overwhelmingly refuted by the evidence of use and intent not to abandon set forth in the findings of fact, above, paragraphs 7-80, listing in chronological fashion the activities undertaken by and on behalf of the plaintiff. It should be noted that there is not a single year in which plaintiff did not use its SKIPPY name or property, or undertake some activity which objectively demonstrates that there was never any intent to abandon its rights.

159. Acordingly, defendant's abandonment defense must fail. *Saxlehner* v. *Eisner & Mendelson Co., supra; Johanna Farms, Inc.* v. *Citrus Bowl, Inc.*, 468 F.Supp. 866 (E.D.N.Y. 1978).

160. Furthermore, defendant is estopped to raise the defense of abandonment on another ground. It is undisputed that defendant entered into a marketing option agreement with plaintiff in 1978, for use of the SKIPPY property. Even though that marketing agreement is now expired, defendant is nevertheless estopped to raise abandonment which arose prior to or during the term of license, under the theory of licensee estoppel. *Beer Nuts, Inc.* v. *King Nut Co.*, 477 F.2d 326 (6th Cir. 1973); *Danskin, Inc.* v. *Dan River, Inc.* 498 F.2d 1386 (CCPA 1974); *Professional Golfers Association* v. *Bankers Life and Casualty Co.*, 514 F.2d 665 (5th Cir. 1975); *Council of Better*

Business Bureaus v. *Better Business Bureaus of South Florida*, 477 F.Supp. 987 (D.C. Florida 1978). Additionally, the mere fact that defendant recognized plaintiff's rights in the SKIPPY property to the extent that it was willing to pay for an option foir the property would estop it from raising an abandonment prior to 1978, in view of the recent decision of *Saratoga Vichy Spring Co., Inc.* v. *Oren Lehman et al.*, ____ F.2d. ____, (2d Cir. 1980), reported in digest form in "BNA's Patent Trademark and Copyright Journal" issue of July 31, 1980 at A-10.

4. Incontestability

160. Defendant raises as an additional affirmative defense the incontestability benefits which it claimed in 1954 for its 1948 registration of SKIPPY for peanut butter. These incontestability benefits are set forth in 15 USC 1065 and 15 USC 1115b.

161. This court is of the view expressed in *Cuban Cigar Brands N.V.* v. *Upmann International, Inc.*, 457 F.Supp. 1090 (S.D. N.Y. 1978) that a mark is not incontestable against another if its use infringes upon that person's federal or common law rights obtained prior to the registration.

162. Furthermore, at the hearing on defendant's Motion for Summary Judgment on the grounds of incontestability earlier in this proceeding, defendant's counsel conceded, and the court found, that one of the statements in the 1954 Section 15 affidavit was false, namely, that "there had been no final decision adverse to" defendant's . . . "right to register the mark . . .", in view of plaintiff's successful opposition in 1934. In view of the falsity of the statement, defendant is not entitled to rely upon the incontestability benefits as an affirmative defense to this action. *Otis Elevator Co.* v. *Echlin Manufacturing Co.*, 187 USPQ 310 (TTAB 1975).

163. At the hearing on the Motion for Summary Judgment on grounds of incontestgability, the court left for a full determination at trial the issue of whether the false statement

was also fraudulent, in which case the fraudulent statement would serve as a basis for cancelling the underlying registration. The court concludes that the statement was indeed fraudulent. Certainly there can be no question as to the materiality of the statement, since the right of "incontestability" is so important, and the statement itself is required by the statute. In other words, the failure to include the statement in the affidavit would have meant that defendant would not have been able to claim incontestability benefits. Furthermore, defendant's Section 15 affidavit was signed by Joseph Rosefield, the same person who was president of defendant in 1934. When Mr. Rosefield signed that Section 15 affidavit he could not have been unmindful of the earlier opposition, as he was the person who had earlier made the decision not to appeal. Furthermore, there is evidence that Best Foods, Inc., to whom Rosefield was about to sell his business and the SKIPPY trademark for approximately $6,000,000 (Six million dollars), required as a condition for the sale that Rosefield, and not Best Foods, make the statement which has been conceded to be false.

164. Under these circumstances, the court concludes that the defendant acquired its incontestability benefits fraudulently, and that as a result, the rgistration should be cancelled. *Otis Elevator Co.* v. *Echlin Manufacturing Co., supra' Crown Wallcovering Corp.* v. *Wallpaper Manufacturers Ltd.*, 188 USPQ 141 (TTAB 1975); *Conwood Corp.* v. *Loew's Theatres Inc.*, 173 USPQ 829 (TTAB 1972); *Duffy-Mott Co.* v. *Cumberland Packing Co.* 424 F.2d 1095 (CCPA 1970); *G.B. kent & Sons Ltd.* v. *Colonial Chemical Corp.*, 162 USPQ 557 (TTAB 1969).

III. Defendant's Counterclaims

165. In view of the court's above rulings that defendant is guilty of trademark infringement and unfair competition, and that it fraudulently induced plaintiff to enter into the marketing oiption agreement, defendant's counterclaims for declaratory judgment and breach of contract are dismissed.

IV. Relief

166. The court directs that a permanent injunction be issued forhwith against defendant, its officers, agents, servants, employees and all persons acting in concert or participation therewith, enjoining them from using the designation SKIPPY.

167. Pursuant to 15 USC 1119, the court directs the Commissioner of Patents and Trademarks to cancel all federal trademark registrations owned by defendant and/or acquired by defendant which include the name SKIPPY.

168. Defendant is directed to pay to the plaintiff the full costs of this action.

Respectfully submitted,

RHODES, DUNBAR & LOMAX

By /s/ Craig Dunbar
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August 12, 1980

CERTIFICATE OF SERVICE

I hereby certify that a copy of he foregoing Plaintiff's Proposed Findings of Fact and Conclusions of Law, has been mailed to Brian Gettings, Esquire, Leonard, Cohen, Gettings & Sher, 1400 North Uhle Street, Courthouse Square, Arlington, Virginia 22201, this 12th day of August, 1980.

/s/ Stephen M. Trattner
STEPHEN M. TRATTNER

APPENDIX C

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

Civil Action No. 80-250-A

SKIPPY, INC.

Plaintiff.

v.

CPC INTERNATIONAL, INC.

Defendant.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

THIS CAUSE came on for trial and the Court, having heard the evidence of the parties finds the facts and states the conclusions of law as follows:

Findings Of Fact

1. That in 1933, the Rosefield Packing Co. first began the use of the trademark "SKIPPY" on its peanut butter product which it sold and marketed in interstate commerce.

2. In 1955, Rosefield Packing Company, its peanut butter product and its "SKIPPY" trademark was acquired by the Best Foods, Inc.; The Best Foods, Inc. the peanut butter product and the "SKIPPY" trademark was acquired in 1958 by Corn Products Co., which amended its name in 1969 to CPC International Inc.

3. From 1933 until the present date, Rosefield Packing Co., The Best Foods, Inc. and CPC International Inc. continuously marketed SKIPPY peanut butter in interstate commerce.

4. In 1948, Rosefield Packing Co. was granted a federal registration under the provisions of the Trademark Act of 1946, as Registration No. 504,940. In 1954, Rosefield Packing Co. filed an Affidavit as required by the Trademark Act of

1946. The Affidavit stated as required by the Act that its mark was in continuous use; that there had been no final decision adverse to its claim of ownership of the mark for its goods and its right to register the same or keep the same on the register and there was no proceeding involving its rights pending and not finally disposed of.

5. In 1925, Percy Crosby obtained a federal trademark registration No. 202,193 of the name "SKIPPY" for a "title for a cartoon depicting a humorous juvenile character."

6. In 1932, Crosby formed a corporation known as Skippy, Inc. and assigned certain rights to that corporation including the right to the above trademark registration.

7. The cartoon "SKIPPY" appeared in various newspapers from 1923 until 1945 at which times its syndication ceased and it has not appeared on a regular basis in newspapers since 1945. Further, in 1945, trademark registration No. 202,193 expired.

8. From 1945 until 1970, Skippy, Inc. ceased its business activities and has not made commercial trademark use of the mark "SKIPPY" on comic strips since 1945.

9. From 1933 through March, 1980, no actions were brought by Skippy, Inc. or Percy Crosby against either Rosefield Packing Co., Best Foods, Inc. or CPC International Inc. challenging the right to use the trademark "SKIPPY" on peanut butter.

10. From 1958 through 1979 defendant, CPC International Inc., has expended over One Hundred Five Million ($105,000,000.00) Dollars in advertising and marketing for SKIPPY peanut butter; for that same period, not proceeds of SKIPPY peanut butter were over One Billion Two Hundred Eighteen Million ($1,218,000,000.00) Dollars.

10. In January, 1978, Skippy, Inc. and CPC International Inc. entered into an agreement in which, *inter alia*, Skippy, Inc. released and held CPC International Inc. harmless for any and all controversies relating to the use of "the Property"

(defined as Percy Crosby's artwork or comic strips) or the name "SKIPPY". The agreement also contained provisions for an option to CPC International Inc. from Skippy, Inc. regarding use of the "Property". CPC International Inc. paid to Skippy, Inc. Twenty Five Thousand ($25,000.00) Dollars which payment was tendered and accepted by Skippy, Inc.

11. Skippy, Inc. has been aware of the use of "SKIPPY" on peanut butter by Rosefield Packing Co., and its successors in interest (including CPC International Inc.) since 1933.

12. In 1933 at the time of defendant's adoption of the mark for its peanut butter, the "SKIPPY" mark was not distinctive since many companies had registered it for a variety of goods.

13. There was not in 1933 and is not today any likelihood of confusion of plaintiff and defendant's goods among the general public.

Conclusions Of Law

1. That plaintiff's Complaint, having been brought some forty-seven (47) years after plaintiff's first knowledge of the use of the mark "SKIPPY" by defendants on its peanut butter, is barred by the doctrine of laches and estoppel.

2. That the agreement entered into between plaintiff and defendant on January 10, 1978, fully released defendant from any and all liability which it may have had to the plaintiff; such agreement is valid, fair and supported by adequate consideration, and was not the result of any fraud or misrepresentation.

3. The agreement of January 10, 1978, is legal, valid and binding on both parties, therefore plaintiff is barred from bringing suit against defendant for the matters complained of herein and accordingly plaintiff's Complaint is barred by the doctrine of release.

4. Plaintiff has abandoned its right in the trademark "SKIPPY" for "publications, namely cartoon comic strips" by its none-use of is mark for an extensive period of time.

5. Defendant's registration of "SKIPPY" for peanut butter registration No. 504,950 is valid, and incontestable as provided by 15 U.S.C. § 1065 and conclusive evidence o defendant's exclusive right to use the registered mark in commerce in connection with peanut butter.

6. Defendant has not infringed any federal or common law trademark or any copyright rights of plaintiff by its use of its "SKIPPY" trademark on peanut butter and has not unfairly competed with plaintiff by its use of "SKIPPY" on peanut butter and related products either under 15 u.S.C. § 1125(a) or under the common law.

7. That in accordance with the above Conclusions of Law, the relief requested in plaintiff's Complaint should be denied and judgment on the Complaint should be entered in favor of the defendants.

8. That the defendant is entitled to declaratory judgment establishing its rights in the mark "SKIPPY" for use on its peanut butter and other related products under Registration No. 504,940 and therefore judgment on defendant's Counterclaim should be entered in favor of defendant.

9. That plaintiff's federal registration No. 1,129,551 shall be cancelled for failure to use the mark on the goods as provided by 15 U.S.C. § 1119, and the Clerk shall so notify the Commissioner of Patents forthwith.

10. That the defendant should recover from plaintiff its costs herein expended in the sum of _____.

11. That the defendant should recover from the plaintiff its legal fees expended in this matter in the sum of _____.

IT IS SO ORDERED and counsel for the defendant will submit an appropriate judgment in accordance herewith.

DATED THIS ___ day of _____, 1980.

/s/ _____

UNITED STATES DISTRICT JUDGE

Office - Supreme Court, U.S.
FILED
OCT 26 1982
ALEXANDER L. STEVAS,
CLERK

No. 82-310

IN THE

Supreme Court of the United States

OCTOBER TERM, 1982

SKIPPY, INC., *Petitioner,*

v.

CPC INTERNATIONAL, INC., *Respondent.*

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Fourth Circuit

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PETITIONER'S REPLY BRIEF

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TABLE OF AUTHORITIES

CASES:	Page
Aetna Insurance Co. v. *Kennedy*, 301 U.S. 389 (1937)	1
Dairy Queen, Inc. v. *Wood*, 369 U.S. 469 (1962)	3
Robine v. *Ryan*, 310 F.2d 797 (2d Cir. 1962)	3
Simler v. *Conner*, 372 U.S. 221 (1963)	1
RULES:	
Federal Rule of Civil Procedure 41	4

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PETITIONER'S REPLY BRIEF

Respondent CPC International, Inc. ("CPC") has not argued, as indeed it could not, that the issues raised in our Petition are unimportant or unworthy of this Court's attention. Trial by jury is a fundamental right under the Constitution and any denial of that right seriously undermines our system of justice.[1] Respondent has contended, instead, that there was no denial of a right to jury trial because the court of appeals was correct in holding that the petitioner failed to assert its rights adequately in the trial court and that consequently only non-jury issues remained at the time of trial. We have explained in our Petition why the court of appeals erred in reaching this

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[1] See *Aetna Insurance Co.* v. *Kennedy*, 301 U.S. 389, 393 (1937); *Simler* v. *Conner*, 372 U.S. 221, 222 (1963).

conclusion, and we will not repeat those arguments here. We believe it necessary, however, to correct CPC's inaccurate account of the proceedings and pleadings in the district court and its misstatement of our arguments before this Court.

1. In our Petition, we argued that the granting of CPC's partial summary judgment motion on the ground of laches improperly denied Skippy, Inc. ("Skippy") a jury determination on its claim for damages because the question whether CPC committed fraud was relevant to that finding of laches and should have been reserved for the jury.[2] CPC has countered by stating that there were no disputed issues of fact regarding the delay on which the court based its finding of laches and consequently summary judgment was appropriate.[3] It is true, of course, that summary judgment is appropriate when there are no disputed issues of fact; our point, which CPC ignores, is that there *was* a disputed issue of fact—fraud—and the trial court erred when it ignored this in reaching the issue of laches.

CPC further argues that fraud, when raised in avoidance of an affirmative defense to an equitable claim, is itself an equitable issue for the court, not for the jury.[4] Once again, CPC has stated the law correctly, but misapplied it to the proceedings here. Petitioner raised fraud not only in response to CPC's defense of release, but also as part of its own claim for damages, and it is this, not

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[2] Petition, at pp. 21-24.

[3] Brief in Opp., at p. 7.

[4] Brief in Opp., at p. 8.

simply that "fraud was an issue in this case,"[5] which gave Skippy the right to a jury trial.

CPC's denial that petitioner had any right to a jury trial reduces ultimately to CPC's argument that the availability of damages for fraud was never raised in the trial court.[6] If the issue had not been raised, then CPC would be correct in contending that no factual disputes existed regarding laches and that fraud was alleged only in connection with equitable claims.

But the issue *was* raised in Skippy's opposition to CPC's first motion for summary judgment.[7] Skippy clearly argued that the existence of fraud in obtaining the release would affect the availability of damages for infringement,[8] and this made it an issue of fact related to a legal claim and thus to be decided by a jury.

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[5] Brief in Opp., at p. 8.

[6] Brief in Opp., at pp. 8-9.

[7] Because the question whether the issue was raised before the trial court is critical, and because CPC has categorically denied that any mention of it was made below, we have included in an appendix to this Brief an excerpt of the portions of Skippy's opposition to summary judgment that contain this argument. We note that the issue was not raised in Skippy's Proposed Findings of Fact and Conclusions of Law, see Brief in Opp. at p. 9 & n.17, because Judge Bryan had already removed it from the case by erroneously granting summary judgment on all damage claims.

[8] See the excerpt contained in the Appendix, *infra*. Skippy did not make this a separate claim for damages for fraud in procurement of the release, but did clearly raise the issue of fraud in relation to the legal issue of trademark damages. Moreover, "it is . . . clear from [*Dairy Queen, Inc.* v. *Wood*, 369 U.S. 469 (1962)] that ambiguities and inelegancies in a pleading will not defeat a demand for a jury trial so long as it reasonably appears that the substance of what is pleaded constitutes a claim for relief at law." *Robine* v. *Ryan*, 310 F.2d 797, 798 (2d Cir. 1962).

2. CPC has stated that its own legal counterclaim for damages could not provide a basis for petitioner's right to a jury trial because the counterclaim was "abandoned at the outset of trial."[9] CPC cannot unilaterally abandon a claim on the eve of trial, however. In order to dismiss the counterclaim, CPC was required by Federal Rule of Civil Procedure 41 to obtain either a signed stipulation from petitioner or a court order. CPC did neither and gave no notice of any intent to "abandon" the claim.

Indeed, CPC took quite a different position in the court of appeals. In its brief on the merits it stated that "CPC's damage claim has been decided adversely to CPC" by the trial court.[10] In its response to Skippy's Petition for Rehearing, CPC chastised Skippy for failing affirmatively to argue its right to jury trial on the counterclaim, because "CPC might have conceded the question and a jury would have been impanelled" or "CPC might have abandoned its counterclaim" but instead "the counterclaim was dismissed at the close of all the evidence."[11] CPC has thus variously argued that it abandoned the counterclaim, that the counterclaim was dismissed after presentation of all the evidence, and that the trial court decided it. In fact, as is clear from reading the district court opinion, the issue remained in the case until the end and was decided by the trial court. Moreover, even if CPC were correct in contending that no evidence was presented and that a directed verdict would thus have been available to take the issue from the jury, a directed ver-

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[9] Brief in Opp., at 10.

[10] Brief of Appellee, at p. 38.

[11] Response to Petition for Rehearing and Suggestion for Review En Banc, at pp. 12-13.

dict could have been granted only if Skippy moved for one, which it would not have done if it wished to exercise its right to have the jury determine the question of fraud.

3. Finally, CPC argues that while there may be a split among the courts of appeals on the standards for waiving right to jury trial, this case does not raise the issue. While the decision of the court of appeals in this case may not have used the precise terminology of waiver, it determined that, despite the filing of a timely jury demand, Skippy's alleged failure to raise particular arguments in the trial court[12] resulted in an inability to raise the issue of jury trial on appeal, which is a finding that Skippy waived any objection to trial to the court. This holding, regardless of how it was worded, places the Fourth Circuit squarely in the center of the conflict.

CONCLUSION.

For the foregoing reasons and the reasons set forth in our Petition, the writ of certiorari should be granted.

Respectfully submitted,

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[12] As we explained, *supra*, at p. 3, these arguments were raised in the trial court.

APPENDIX

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA ALEXANDRIA DIVISION

CIVIL ACTION NO. 80-250-A

SKIPPY, INC.

Plaintiff,

v.

CPC INTERNATIONAL, INC.

Defendant.

PLAINTIFF'S OPPOSITION TO DEFENDANT'S MOTION FOR SUMMARY JUDGMENT

* * *

[3] Although laches is not a sufficient defense for a willful infringer against a claim for an injunction, laches may be permitted to limit the *amount* of the infringer's damages. Whether damages are limited to the date following the filing of the suit or the period permitted by the statute of limitations is determined by the equities in each case. *Layton Pure Food Co.* v. *Church & Dwight, Co.*, 182 F. 35, 40-41 (8th Cir. 1910); *cf. Dwinell-Wright Co.* v. *White House Milk Co.*, 132 F.2d 822, 824 (2d Cir. 1943). In any event, damages are permitted against a willful infringer, where, as here, defendant has otherwise practiced fraud upon the plaintiff. *Baker* v. *Simmons Co.*, 307 F.2d 458 (1st Cir. 1962).

* * *

[4] As we show more fully below, defendant's Motion for dismissal of plaintiff's trademark claim for injunctive relief on the grounds of laches and estoppel should be denied because there exist many genuine issues of material fact, including Rosefield's bad faith adoption and use, the absence of plaintiff's affirmative act of consent and defendant's reliance on such consent. Similarly, defendant's Motion with respect to plaintiff's claim for damages on its trademark infringement should be denied on two grounds. First, whether the damages should be limited to the period permitted by the statute of limitations or the date subsequent to the filing of the Complaint depends upon facts which are in dispute and second because there exists a genuine issue of fact as to defendant's unclean hands on matters unrelated to its trademark infringement.

* * *

C. Damages

* * *

[26] Moreover, as previously noted, there is another basis for permitting damages for plaintiff's trademark claim prior to the date when the complaint was filed. Following plaintiff's threat to sue the defendant in early 1977, defendant led plaintiff to believe that an advertising concept had been given the go-ahead which meant real possibilities of future royalties to plaintiff, when in fact, the advertising concept had already been rejected. Defendant's actions calculated to induce plaintiff to execute the Option Agreement which included a release constituted fraud and deceit. *Hester* v. *New Amsterdam Casualty, Co.*, 412 F.2d 505 (4th Cir. 1969); *Thermoid*

Rubber Co. v. *Bank of Greenwood*, 1 F.2d 891 (4th Cir. 1924).

Faced with similar fraudulent motives and actions, the court in *Baker* v. *Simmons Co.*, *supra*, denied defendant's right to assert the equitable defense of laches against a trademark infringement claim for damages. Accordingly, defendant's Motion to dismiss plaintiff's trademark claims for damages should be denied, for there are genuine issues of material fact as to the equities of defendant's willful infringement and as to defendant's unclean hands. *Charbonage De France* v. *Smith*, *supra*.